

## Contract Summary Sheet

**Contract (PO) Number:** 4200

**Specification Number:** 19088

**Name of Contractor:** BOARD OF EDUCATION 02

**City Department:** PLANNING & DEVELOPMENT

**Title of Contract:** Intergovernmental Agreement with the CBE for the construction of the National Teacher's Academy

**Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):**

\$47,000,000 00

**PO Start Date:** 4/1/02

**PO End Date:** 7/21/22

**Brief Description of Work:** Intergovernmental Agreement with the CBE for the construction of the National Teacher's Academy

**Procurement Services Contact Person:** BARBARA SUTTON

**Vendor Number:** 1066148

**Submission Date:**

JUN 23 2004

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, and

WHEREAS, the Board of Education of the City of Chicago (the "Board") is a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois; and

WHEREAS, pursuant to the provisions of an act to authorize the creation of public building commissions and to define their rights, powers and duties under the Public Building Commission Act (50 ILCS 20/1 et seq.), the City Council of the City (the "City Council") created the Public Building Commission of Chicago (the "Commission") to facilitate the acquisition and construction of public buildings and facilities; and

WHEREAS, the Commission owns in trust for the Board certain real property, which real property is generally located at 55 West Cermak Road and 2220 South Federal Street, Chicago, Illinois (and the other addresses listed on Exhibit A hereto) (the "Property"), which, together with any necessary easements for ingress and egress, is legally described on Exhibit A hereto, and

WHEREAS, the Board wishes to construct an elementary school, related community center and related campus park on the Property to be known as The Teachers Academy of Chicago, and

WHEREAS, the construction of the elementary school, community center and campus park will require the Board (acting through the Commission) to construct buildings and related improvements to house and serve the elementary school, community center and campus park (the "Facility") on the Property (all such activities referred to herein shall be known as the "Project"); and

WHEREAS, the City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blight conditions and conservation factors that could lead to blight through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on July 21, 1999: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the 24<sup>th</sup>/Michigan Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the 24<sup>th</sup>/Michigan Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the 24<sup>th</sup>/Michigan Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "24<sup>th</sup>/Michigan TIF Ordinances", the Redevelopment Plan approved by the 24<sup>th</sup>/Michigan TIF Ordinances is referred to herein as the "24<sup>th</sup>/Michigan Redevelopment Plan" and the redevelopment project area created by

the 24<sup>th</sup>/Michigan TIF Ordinances is referred to herein as the "24<sup>th</sup>/Michigan Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on September 13, 1989 (as amended by ordinances adopted on March 21, 1990 and May 12, 1999). "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Michigan/Cermak Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Michigan/Cermak Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Michigan/Cermak Redevelopment Project Area" (the aforesaid Ordinances, , as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "Michigan/Cermak TIF Ordinances", the Redevelopment Plan approved by the Michigan/Cermak TIF Ordinances is referred to herein as the "Michigan/Cermak Redevelopment Plan" and the redevelopment project area created by the Michigan/Cermak TIF Ordinances is referred to herein as the "Michigan/Cermak Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on July 13, 1997: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the River South Redevelopment Project Area", "An Ordinance of the City of Chicago, Illinois Designating the River South Redevelopment Project Area as a Tax Increment Financing District", and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the River South Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "River South TIF Ordinances", the Redevelopment Plan approved by the River South TIF Ordinances is referred to herein as the "River South Redevelopment Plan" and the redevelopment project area created by the River South TIF Ordinances is referred to herein as the "River South Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on December 18, 1986: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Chinatown Basin Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Chinatown Basin Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Chinatown Basin Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "Chinatown Basin TIF Ordinances", the Redevelopment Plan approved by the Chinatown Basin TIF Ordinances is referred to herein as the "Chinatown Basin Redevelopment Plan" and the redevelopment project area created by the Chinatown Basin TIF Ordinances is referred to herein as the "Chinatown Basin Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted

the following ordinances on November 28, 1990: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Station Area Redevelopment Tax Increment Financing Project"; "An Ordinance of the City of Chicago, Illinois Designating the Central Station Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act", and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Central Station Area Redevelopment Project" (the aforesaid Ordinances are collectively referred to herein as the "Central Station TIF Ordinances", the Redevelopment Plan approved by the Central Station TIF Ordinances is referred to herein as the "Central Station Redevelopment Plan" and the redevelopment project area created by the Central Station TIF Ordinances is referred to herein as the "Central Station Redevelopment Area"); thereafter, the City Council determined to expand the Central Station Redevelopment Area and in connection therewith, the City Council adopted the following ordinances on August 3, 1994: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Near South Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Near South Redevelopment Project Area as a Tax Increment Financing District", and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Near South Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "Near South TIF Ordinances", the Redevelopment Plan approved by the Near South TIF Ordinances is referred to herein as the "Near South Redevelopment Plan" and the redevelopment project area created by the Near South TIF Ordinances is referred to herein as the "Near South Redevelopment Area"), and

WHEREAS, the Near South TIF Ordinances expanded the Central Station Redevelopment Area into, and renamed the Central Station Redevelopment Area, as expanded, as the Near South Redevelopment Area and adopted the Near South Redevelopment Plan, which incorporates and replaces the Central Station Redevelopment Plan; and

WHEREAS, all of the Property lies wholly within the boundaries of the 24<sup>th</sup>/Michigan Redevelopment Area; and

WHEREAS, under 65 ILCS 5/11-74.4-3(q)(7), such incremental ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs (Increment collected from the 24<sup>th</sup>/Michigan Redevelopment Area shall be known as the "24<sup>th</sup>/Michigan Increment"; Increment collected from the Michigan/Cermak Redevelopment Area shall be known as the "Michigan/Cermak Increment"; Increment collected from the River South Redevelopment Area shall be known as the "River South Increment"; Increment collected from the Chinatown Basin Redevelopment Area shall be known as the "Chinatown Basin Increment"; Increment collected from the Near South Redevelopment Area shall be known as the "Near South Increment"; and, collectively, the

24<sup>th</sup>/Michigan Increment, Michigan/Cermak Increment, and River South Increment shall be known as "City Increment") (as provided in the Agreement (hereinafter defined), City Increment may also, in the City's sole discretion, include Chinatown Basin Increment and/or Near South Increment); and

WHEREAS, the Board is a taxing district under the Act, and

WHEREAS, pursuant to 65 ILCS 5/11-74 4-4(q), the City can use Increment from one redevelopment project area for eligible redevelopment project costs in another redevelopment project area that is either contiguous to, or is separated only by a public right of way from, the redevelopment project area from which the Increment is received (the "Transfer Rights"), and

WHEREAS, the 24<sup>th</sup>/Michigan Redevelopment Area is either contiguous to, or is separated only by a public right of way from, the Michigan/Cermak Redevelopment Area, the River South Redevelopment Area, the Chinatown Basin Redevelopment Area, and the Near South Redevelopment Area; and

WHEREAS, the 24<sup>th</sup>/Michigan Redevelopment Plan contemplates that tax increment financing assistance would be provided for public improvements, such as the Project, within the boundaries of the 24<sup>th</sup>/Michigan Redevelopment Area; and

WHEREAS, the City desires to use a portion of the City Increment (the "City Increment Funds") for the Project on the Property; and

WHEREAS, the Board intends to issue certain alternate bonds pursuant to the Local Government Debt Reform Act, 30 ILCS 350/1 et seq. in a maximum principal amount to generate \$47,000,000 in proceeds (the "Board Bonds"), as a means of financing the costs of the Project, including the costs of certain capital improvements for the Project (the "TIF-Funded Improvements"); and

WHEREAS, the City, as more particularly provided in the Agreement (hereinafter defined), will agree and contract to exercise its Transfer Rights pursuant to the Act and the Michigan/Cermak Redevelopment Plan and the River South Redevelopment Plan, and, at its sole option, under either or both of the Chinatown Basin Redevelopment Plan and the Near South Redevelopment Plan, in order to pay for TIF-Funded Improvements related to the Project in the 24<sup>th</sup>/Michigan Redevelopment Area, to the extent and in the manner provided in the Agreement; and

WHEREAS, the City agrees to use the City Increment Funds on deposit from time to time in a special account which the City has created or shall create within the 24<sup>th</sup>/Michigan Redevelopment Project Area Special Tax Allocation Fund created by the City pursuant to the 24<sup>th</sup>/Michigan TIF Ordinances, which special account is or shall be known as the Teachers Academy Account, to make payments of principal and interest on a tax increment allocation revenue note, in a principal amount not to exceed \$47,000,000 (the "City Note"), which will be issued to the Board, to pay for or reimburse the Board for the costs of the TIF-Funded Improvements; and

WHEREAS, in accordance with the Act, the TIF-Funded Improvements shall include such of the Board's capital costs necessarily incurred or to be incurred in furtherance of the objectives of the 24<sup>th</sup>/Michigan Redevelopment Plan, and the City has found that the TIF-Funded Improvements consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74 4-03(u) of the Act, and

WHEREAS, the City and the Board wish to enter into an intergovernmental agreement whereby the City shall issue the City Note to the Board, and make payments thereunder, to pay for or reimburse the Board for a portion of the TIF-Funded Improvements; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO

SECTION 1. The above recitals are incorporated here by this reference.

SECTION 2. The City hereby finds that the TIF-Funded Improvements, among other eligible redevelopment project costs under the Act approved by the City, consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03 (u) of the Act

SECTION 3. Subject to the approval of the Corporation Counsel of the City of Chicago as to form and legality, and to the approval of the City Comptroller, the Commissioner of the Department of Planning and Development is authorized to execute and deliver an intergovernmental agreement (the "Agreement"), in substantially the form attached as Exhibit B, and such other documents as are necessary, between the City of Chicago and the Board of Education of the City of Chicago, which Agreement may contain such other terms as are deemed necessary or appropriate by the parties executing the same on the part of the City.

SECTION 4. The City Council of the City hereby finds that the City is authorized to issue its tax increment allocation revenue obligation in an aggregate principal amount not to exceed \$47,000,000 for the purpose of paying a portion of the eligible costs included within the Project.

SECTION 5. There shall be borrowed for and on behalf of the City a principal amount not to exceed \$47,000,000 for the payment of a portion of the eligible costs included within the Project. A note of the City in a principal amount up to \$47,000,000 shall be issued and shall be designated "Tax Increment Allocation Revenue Note (24th/Michigan Redevelopment Project), Series 2002A (the "Note"). The Note shall be substantially in the form attached to the Agreement as Exhibit E and made a part hereof, with such additions or modifications as shall be determined to be necessary by the Chief Financial Officer of the City, or if there is no such officer then holding said office, the City Comptroller (the "Chief Financial Officer"), at the time of issuance to reflect the purpose of the issue. The Note shall be dated the date of delivery thereof, and shall also bear the date of

authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein. The proceeds of the Note are hereby appropriated for the purposes set forth in this Section 5.

The Note shall mature not later than July 21, 2022 and shall bear interest at a fixed interest rate not to exceed nine percent (9%) per annum from the date of the Note until the principal amount of the Note is paid or until maturity, with the exact rate to be determined by the Chief Financial Officer, computed on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on the Note shall be paid by wire transfer of funds by the Comptroller of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names the Note are registered at the close of business on the payment date, in any event no later than at the close of business on the 15th day of the month immediately after the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of the Note shall be payable in lawful money of the United States of America at the principal office of the Registrar or as otherwise directed by the City on or before the maturity date.

The seal of the City shall be affixed to or a facsimile thereof printed on the Note, and the Note shall be signed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk of the City, and in case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar, as authenticating agent of the City for the Note, and showing the date of authentication. The Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication upon the Note shall be conclusive evidence that the Note have been authenticated and delivered under this Ordinance.

**SECTION 6.** The City shall cause books (the "Register") for the registration and for the transfer of the Note (to the extent such transfer is permitted under the Agreement) as provided in this Ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the Note. The City is authorized to prepare, and the Registrar shall keep custody of, multiple Note blanks executed by the City for use in the transfer of the Note.

Upon surrender for a transfer of the Note authorized under the Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by, the registered owner or his attorney duly authorized in writing, (iii)

the written consent of the City evidenced by the signature of the Chief Financial Officer (or his or her designee) on the instrument of transfer, and (iv) any deliveries required under the Agreement, the City shall execute and the Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered Note of the same maturity, of authorized denomination, for a like aggregate principal amount. The execution by the City of the fully registered Note shall constitute full and due authorization of the Note and the Registrar shall thereby be authorized to authenticate, date and deliver the Note, provided, however, that the principal amount of the Note authenticated by the Registrar shall not exceed the authorized principal amount of the Note less previous retirements. The Registrar shall not be required to transfer or exchange the Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the maturity date of the Note nor to transfer or exchange the Note after notice calling the Note for prepayment has been made, nor during a period of five (5) days next preceding mailing of a notice of prepayment of principal of the Note. No beneficial interests in the Note shall be assigned, except in accordance with the procedures for transferring the Note described above.

The person in whose name each Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of the Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of the Note, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the Note.

SECTION 7 Subject to the limitations set forth herein, the Chief Financial Officer is authorized to determine the terms of the Note and to issue the Note on such terms as the Chief Financial Officer may deem to be in the best interest of the City. The principal of the Note shall be subject to prepayment as provided in the form of Note attached to the Agreement as Exhibit E. As directed by the Chief Financial Officer, the Registrar shall proceed with prepayment without further notice or direction from the City.

SECTION 8 The Registrar shall note on the Debt Service Schedule attached to the Note the amount of any payment of principal or interest on the Note, including the amount of any prepayment, and the amount of any reduction in principal pursuant to the Agreement.

SECTION 9. The Note hereby authorized shall be executed as in this Ordinance and the Agreement provided as soon after the passage hereof as may be practicable and consistent with the terms of the Agreement, and thereupon, be deposited with the Commissioner, and be by said Commissioner delivered to the Board.

SECTION 10 The City hereby assigns, pledges and dedicates the City Increment that is deposited from time to time after the date hereof in accordance with the Agreement in the Teachers



Academy Account to the payment of the principal of and interest, if any, on the Note when due, and other amounts that may be due under the Agreement, all in accordance with the terms of the Agreement. Upon deposit, the moneys on deposit in the Teachers Academy Account may be invested as hereinafter provided. Interest and income on any such investment shall be deposited in the Teachers Academy Account. All moneys on deposit in the Teachers Academy Account shall be used to pay the principal of and interest on the Note, as applicable, at maturity or upon payment or prepayment prior to maturity, in accordance with their terms, which payments from the Teachers Academy Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under the Note in accordance with their terms, or the earlier termination of the City's obligation to make such payments under the terms of the Agreement, the assignment, pledge and dedication provided for in this Section 10 shall cease and the Board shall have no claim to any additional moneys on deposit in the special tax allocation funds (or General Accounts) from which City Increment is derived.

Notwithstanding any of the foregoing, payments on the Note will be subject to the availability of City Increment in the Teachers Academy Account.

SECTION 11. The Note is a special limited obligation of the City, and is payable solely from amounts on deposit in the Teachers Academy Account and shall be a valid claim of the registered owner thereof only against said sources. The Note shall not be deemed to constitute an indebtedness or a loan against the general taxing powers or credit of the City, within the meaning of any constitutional or statutory provision. The registered owner(s) of the Note shall not have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay the principal of or interest on the Note. The City's obligation to fully repay the Note is further limited by the terms and conditions of Article Three of the Agreement.

SECTION 12. Moneys on deposit in the special tax allocation funds (or General Accounts) or the Teachers Academy Account, as the case may be, may be invested as allowed under Section 2-32-520 of the Municipal Code of the City of Chicago. Each such investment shall mature on a date prior to the date on which said amounts are needed to pay the principal of or interest on the Note.

SECTION 13. Pursuant to the Agreement, the Board shall complete the Project. The eligible costs of the Project up to the principal amount of \$47,000,000 shall be deemed to be a disbursement of the proceeds of the Note, as applicable. Upon issuance, the Note shall have an initial principal balance equal to the Board's prior expenditures for TIF-Funded Improvements (as defined in the Agreement) relating to the Project, which principal balance may be increased thereafter in accordance with the terms of the Agreement up to a maximum amount of \$47,000,000, all in any such instance as supported by a Certificate of Expenditure in accordance with the Note. After issuance, the principal amount outstanding under the Note shall be the initial principal balance of the Note (as the same may be increased in accordance with the terms of the Agreement), plus interest thereon, minus any principal amount and interest paid on the Note and other reductions in principal as provided in the Agreement.

SECTION 14. The Registrar shall maintain a list of the names and address of the registered owners from time to time of the Note and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

SECTION 15 The provisions of this Ordinance shall constitute a contract between the City and the registered owners of the Note All covenants relating to the Note are enforceable by the registered owners of the Note

SECTION 16. The Mayor, the Chief Financial Officer, the City Comptroller, the City Clerk, the Commissioner (or his or her designee), and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this Ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this Ordinance.

SECTION 17. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 18 This Ordinance takes effect upon passage and approval

C:\WINDOWS\TEMP\ord 5 wpd

EXHIBIT A

PROPERTY

**COMMON ADDRESS:** 55 West Cermak Road  
2233 South Federal Street  
2241-2259 South Federal Street  
Chicago, Illinois

**P.I.N.'S** 17-28-206-001  
17-28-206-002  
17-28-206-003  
17-28-206-004  
17-28-206-042  
17-28-206-043  
17-28-206-044  
17-28-206-045  
17-28-206-046

**PARCEL 1:**

LOTS 1 TO 9 (EXCEPT THAT PART OF SAID LOTS TAKEN FOR WIDENING 22<sup>ND</sup> STREET) IN BLOCK 2 IN UHLICH AND MUHLKE'S ADDITION TO CHICAGO, A SUBDIVISION OF THE SOUTH 60 ACRES OF THE EAST ½ OF THE NORTH EAST 1/4 OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 2:**

THE NORTH ½ OF THE EAST-WEST 15 FOOT WIDE VACATED ALLEY LYING SOUTH OF AND ADJOINING PARCEL 1 AFORESAID

**PARCEL 3:**

THE WEST ½ OF VACATED SOUTH DEARBORN STREET LYING EAST OF AND ADJOINING PARCELS 1 AND 2 AFORESAID

**PARCEL 4:**

LOTS 10 TO 49 IN BLOCK 2 IN UHLICH AND MUHLKE'S ADDITION TO CHICAGO, A SUBDIVISION OF THE NORTH 60 ACRES OF THE EAST ½ OF THE NORTH EAST 1/4 OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 5:**

THE NORTH-SOUTH 15 FOOT WIDE VACATED ALLEY LYING WEST OF AND ADJOINING LOTS 10 TO 29 BOTH INCLUSIVE AND LYING EAST OF AND ADJOINING LOTS 30 TO 49 BOTH INCLUSIVE OF PARCEL 4 AFORESAID

**PARCEL 6:**

THE SOUTH ½ OF THE EAST-WEST 15 FOOT WIDE ATTACHED ALLEY NORTH OF AND ADJOINING PARCELS 4 AND 5 AFORESAID

**PARCEL 7:**

THE WEST ½ OF VACATED SOUTH DEARBORN STREET LYING EAST OF AND ADJOINING PARCELS 4 AND 6 AFORESAID

**PARCEL 8:**

THE NORTH ½ OF 23<sup>RD</sup> STREET LYING SOUTH OF AND ADJOINING PARCELS 4,5 AND 7 AFORESAID

**COMMON ADDRESS:** 2200-60 South Federal Street  
Chicago, Illinois

**P.I.N.:** 17-28-205-001

**LEGAL DESCRIPTION:**

THAT PART OF LOTS 1 TO 24, BOTH INCLUSIVE, IN BLOCK 3 IN UHLICH AND MUHLKE'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE EAST ½ OF THE NORTHEAST 1/4 (EXCEPT THE SOUTH ½ OF THE SOUTH ½ THEREOF), OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS

ALL THAT PART OF LOTS 1 TO 24, BOTH INCLUSIVE, IN SAID BLOCK 3 LYING EAST OF THE FOLLOWING DESCRIBED LINE BEGINNING AT A POINT IN THE NORTH LINE OF 23<sup>RD</sup> STREET, WHICH IS ALSO IN THE SOUTH LINE OF SAID BLOCK 3, 105

FEET WESTERLY, MEASURED ALONG SAID SOUTH LINE FROM ITS INTERSECTION WITH THE WEST LINE OF FEDERAL STREET AS NOW LOCATED IN SAID CITY, THENCE NORTHERLY IN A STRAIGHT LINE PARALLEL WITH THE WEST LINE OF FEDERAL STREET WHICH IS ALSO THE EAST LINE OF SAID BLOCK 3, 377.75 FEET, MORE OR LESS, TO A POINT 200 FEET SOUTHERLY FROM THE SOUTH LINE OF CERMAK ROAD AS NOW LOCATED, MEASURED ALONG SAID LAST DESCRIBED LINE EXTENDED NORTHWARDLY, THENCE NORTHWESTERLY IN A STRAIGHT LINE 200 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF CERMAK ROAD AS NOW LOCATED, SAID POINT BEING 110 FEET WESTERLY MEASURED ALONG SAID SOUTHERLY LINE OF CERMAK ROAD FROM ITS INTERSECTION WITH THE SAID WEST LINE OF FEDERAL STREET, IN COOK COUNTY, ILLINOIS.

INTERGOVERNMENTAL AGREEMENT BETWEEN  
THE CITY OF CHICAGO, BY AND THROUGH  
ITS DEPARTMENT OF PLANNING AND DEVELOPMENT,  
AND THE BOARD OF EDUCATION OF THE CITY OF CHICAGO  
REGARDING THE TEACHERS ACADEMY OF CHICAGO

This Intergovernmental Agreement (this "Agreement") is made and entered into as of the 1st day of April, 2002 by and between the City of Chicago (the "City"), a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, by and through its Department of Planning and Development (the "Department"), and the Board of Education of the City of Chicago (the "Board"), a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois.

RECITALS

WHEREAS, pursuant to the provisions of an act to authorize the creation of public building commissions and to define their rights, powers and duties under the Public Building Commission Act (50 ILCS 20/1 et seq.), the City Council of the City (the "City Council") created the Public Building Commission of Chicago (the "Commission") to facilitate the acquisition and construction of public buildings and facilities; and

WHEREAS, the Commission owns in trust for the Board certain real property, which real property is generally located at 55 West Cermak Road and 2220 South Federal Street, Chicago, Illinois (and the other addresses listed on Exhibit A hereto)(the "Property"), which, together with any necessary easements for ingress and egress, is legally described on Exhibit A attached hereto and incorporated herein; and

WHEREAS, the Board wishes to construct an elementary school, related community center and related campus park on the Property to be known as The Teachers Academy of Chicago; and

WHEREAS, the construction of the elementary school, community center and campus park will require the Board (acting through the Commission) to construct buildings and related improvements to house and serve the elementary school, community center and campus park (the "Facility") on the Property (the Facility will have those general features described in Exhibit B attached hereto and incorporated herein) (all such activities referred to herein shall be known as the "Project"); and

WHEREAS, the City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blight conditions and conservation factors that could lead to blight through the use of tax increment allocation financing for redevelopment projects, and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on July 21, 1999. "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the 24<sup>th</sup>/Michigan Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the 24<sup>th</sup>/Michigan Redevelopment Project Area as a Tax Increment Financing District", and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the 24<sup>th</sup>/Michigan Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or

hereinafter may be amended, are collectively referred to herein as the "24<sup>th</sup>/Michigan TIF Ordinances", the Redevelopment Plan approved by the 24<sup>th</sup>/Michigan TIF Ordinances is referred to herein as the "24<sup>th</sup>/Michigan Redevelopment Plan" and the redevelopment project area created by the 24<sup>th</sup>/Michigan TIF Ordinances is referred to herein as the "24<sup>th</sup>/Michigan Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on September 13, 1989 (as amended by ordinances adopted on March 21, 1990 and May 12, 1999): "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Michigan/Cermak Redevelopment Project Area", "An Ordinance of the City of Chicago, Illinois Designating the Michigan/Cermak Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Michigan/Cermak Redevelopment Project Area" (the aforesaid Ordinances, , as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "Michigan/Cermak TIF Ordinances", the Redevelopment Plan approved by the Michigan/Cermak TIF Ordinances is referred to herein as the "Michigan/Cermak Redevelopment Plan" and the redevelopment project area created by the Michigan/Cermak TIF Ordinances is referred to herein as the "Michigan/Cermak Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on July 13, 1997 "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the River South Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the River South Redevelopment Project Area as a Tax Increment Financing District", and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the River South Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "River South TIF Ordinances", the Redevelopment Plan approved by the River South TIF Ordinances is referred to herein as the "River South Redevelopment Plan" and the redevelopment project area created by the River South TIF Ordinances is referred to herein as the "River South Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on December 18, 1986: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Chinatown Basin Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Chinatown Basin Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Chinatown Basin Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "Chinatown Basin TIF Ordinances", the Redevelopment Plan approved by the Chinatown Basin TIF Ordinances is referred to herein as the "Chinatown Basin Redevelopment Plan" and the redevelopment project area created by the Chinatown Basin TIF Ordinances is referred to herein as the "Chinatown Basin Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on November 28, 1990: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Station Area Redevelopment Tax Increment Financing Project"; "An Ordinance of the City

of Chicago, Illinois Designating the Central Station Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Central Station Area Redevelopment Project" (the aforesaid Ordinances are collectively referred to herein as the "Central Station TIF Ordinances", the Redevelopment Plan approved by the Central Station TIF Ordinances is referred to herein as the "Central Station Redevelopment Plan" and the redevelopment project area created by the Central Station TIF Ordinances is referred to herein as the "Central Station Redevelopment Area"); thereafter, the City Council determined to expand the Central Station Redevelopment Area and in connection therewith, the City Council adopted the following ordinances on August 3, 1994: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Near South Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Near South Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Near South Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "Near South TIF Ordinances", the Redevelopment Plan approved by the Near South TIF Ordinances is referred to herein as the "Near South Redevelopment Plan" and the redevelopment project area created by the Near South TIF Ordinances is referred to herein as the "Near South Redevelopment Area"); and

WHEREAS, the Near South TIF Ordinances expanded the Central Station Redevelopment Area into, and renamed the Central Station Redevelopment Area, as expanded, as the Near South Redevelopment Area and adopted the Near South Redevelopment Plan, which incorporates and replaces the Central Station Redevelopment Plan; and

WHEREAS, all of the Property lies wholly within the boundaries of the 24<sup>th</sup>/Michigan Redevelopment Area; and

WHEREAS, under 65 ILCS 5/11-74 4-3(q)(7), such incremental ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs (Increment collected from the 24<sup>th</sup>/Michigan Redevelopment Area shall be known as the "24<sup>th</sup>/Michigan Increment"; Increment collected from the Michigan/Cermak Redevelopment Area shall be known as the "Michigan/Cermak Increment"; Increment collected from the River South Redevelopment Area shall be known as the "River South Increment"; Increment collected from the Chinatown Basin Redevelopment Area shall be known as the "Chinatown Basin Increment", Increment collected from the Near South Redevelopment Area shall be known as the "Near South Increment"; and, collectively, the 24<sup>th</sup>/Michigan Increment, Michigan/Cermak Increment, and River South Increment shall be known as "City Increment") (as provided in Article Three (1)(a) below, City Increment may also, in the City's sole discretion, include Chinatown Basin Increment and/or Near South Increment); and

WHEREAS, the Board is a taxing district under the Act, and

WHEREAS, pursuant to 65 ILCS 5/11-74 4-4(q), the City can use Increment from one redevelopment project area for eligible redevelopment project costs in another redevelopment project



area that is either contiguous to, or is separated only by a public right of way from, the redevelopment project area from which the Increment is received (the "Transfer Rights"); and

WHEREAS, the 24<sup>th</sup>/Michigan Redevelopment Area is either contiguous to, or is separated only by a public right of way from, the Michigan/Cermak Redevelopment Area, the River South Redevelopment Area, the Chinatown Basin Redevelopment Area, and the Near South Redevelopment Area; and

WHEREAS, the 24<sup>th</sup>/Michigan Redevelopment Plan, a copy of which is attached hereto as Exhibit C, contemplates that tax increment financing assistance would be provided for public improvements, such as the Project, within the boundaries of the 24<sup>th</sup>/Michigan Redevelopment Area; and

WHEREAS, the City desires to use a portion of the City Increment (the "City Increment Funds") for the Project on the Property; and

WHEREAS, the Board intends to issue certain alternate bonds pursuant to the Local Government Debt Reform Act, 30 ILCS 350/1 et seq. in a maximum principal amount to generate \$47,000,000 in proceeds (the "Board Bonds"), as a means of financing the costs of the Project, including the TIF-Funded Improvements (as defined in Article Three, Section 3 below), and

WHEREAS, the City, as more particularly hereinafter provided, will agree and contract to exercise its Transfer Rights pursuant to the Act and the Michigan/Cermak Redevelopment Plan and the River South Redevelopment Plan, and, at its sole option as herein provided, under either or both of the Chinatown Basin Redevelopment Plan and the Near South Redevelopment Plan, in order to pay for TIF-Funded Improvements related to the Project in the 24<sup>th</sup>/Michigan Redevelopment Area, to the extent and in the manner hereinafter provided; and

WHEREAS, the City agrees to use the City Increment Funds on deposit from time to time in the Teachers Academy Account (as more particularly described and provided in Article Three, Section 1 of this Agreement) to make payments of principal and interest on a tax increment allocation revenue note, in a principal amount not to exceed \$47,000,000 (the "City Note"), which will be issued to the Board hereunder, to pay for or reimburse the Board for the costs of the TIF-Funded Improvements, and

WHEREAS, in accordance with the Act, the TIF-Funded Improvements shall include such of the Board's capital costs necessarily incurred or to be incurred in furtherance of the objectives of the 24<sup>th</sup>/Michigan Redevelopment Plan, and the City has found that the TIF-Funded Improvements consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74 4-03(u) of the Act; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows

#### ARTICLE ONE: INCORPORATION OF RECITALS

The recitals set forth above are incorporated herein by reference and made a part hereof.

## ARTICLE TWO· THE PROJECT

1. The plans and specifications for the Project shall at a minimum meet the general requirements for the Facility as set forth in Exhibit B hereof and shall be provided to the City by the Board. The Board shall provide the City with plans and specifications for the Facility prior to the disbursement of City Increment Funds relating to the Project. The Board shall comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto, including but not limited to those summarized on Exhibit D attached hereto and incorporated herein. The Board shall include a certification of such compliance with each request for City Increment Funds hereunder and at the time the Project is completed. The City shall be entitled to rely on this certification without further inquiry. Upon the City's request, the Board shall provide evidence satisfactory to the City of such compliance.

2. In all contracts relating to the Project, the Board agrees to require the contractor to name the City as an additional insured on insurance coverages and to require the contractor to indemnify the City from all claims, damages, demands, losses, suits, actions, judgments and expenses including but not limited to attorney's fees arising out of or resulting from work on the Project by the contractor or contractor's suppliers, employees, or agents.

## ARTICLE THREE FUNDING

1 (a) Subject to the terms and conditions of this Agreement, including but not limited to this Article Three hereof, the City hereby agrees to issue the City Note, in substantially the form attached hereto as Exhibit E, upon issuance of the Board Bonds by the Board. The maximum principal amount of the City Note shall not exceed \$47,000,000, provided, however, that the maximum principal amount of the City Note shall in no event exceed the Board's eligible redevelopment projects costs that are TIF-Funded Improvements incurred in connection with the Project; and provided, however, that payments under the City Note are subject to the amount of City Increment pledged hereunder, as described in Article Three, Section 1(c) below, being sufficient for such payments. Each payment under the City Note shall be made from funds available in the Teachers Academy Account created within the 24<sup>th</sup>/Michigan Redevelopment Project Area Special Tax Allocation Fund pursuant to paragraph (c) below. The City agrees to exercise its Transfer Rights to transfer Michigan/Cermak Increment and River South Increment to the Teachers Academy Account as set forth in a schedule to be determined by the parties hereto in the form attached hereto as Exhibit I (the "Transfer Schedule"). Subject to the availability of funds, the City may, in its sole discretion and at its option, also exercise its Transfer Rights from time to time to transfer Chinatown Basin Increment and/or Near South Increment to the Teachers Academy Account in lieu of or in addition to Michigan/Cermak Increment, River South Increment or 24<sup>th</sup>/Michigan Increment to pay for TIF-Funded Improvements. Any such Increment transferred pursuant to such Transfer Rights is hereinafter sometimes referred to as "Transferred Increment." The principal amount of the City Note will be increased from time to time, up to its face amount, upon the execution of certificate(s) of expenditure ("Certificates of Expenditure") by the City, in the form of Exhibit F hereto. The Board may request that a Certificate of Expenditure be processed and executed quarterly. The City shall not execute Certificates of Expenditure in the aggregate in excess of the actual costs of the Project that are TIF-Funded Improvements.

Prior to each execution of a Certificate of Expenditure by the City, the Board shall submit documentation regarding the applicable expenditures to the Department. Delivery by the Board to

the Department of any request for execution by the City of a Certificate of Expenditure hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for execution of a Certificate of Expenditure, that

(i) the total amount of the request for the Certificate of Expenditure represents the actual amount payable to (or paid to) the general contractor, subcontractors, and other parties who have performed work on or otherwise provided goods or services in connection with the Project, and/or their payees;

(ii) all amounts shown as previous payments on the current request for a Certificate of Expenditure have been paid to the parties entitled to such payment;

(iii) the Board has approved all work and materials for the current request for a Certificate of Expenditure, and such work and materials conform to the plans and specifications for the Project, and

(iv) the Board is in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto, including but not limited to those summarized in Exhibit D to this Agreement.

The City shall have the right, in its discretion, to require the Board to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any execution of a Certificate of Expenditure by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct, provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Board

(b) Payments under the City Note shall be made at such times and in such amounts as are set forth in the City Note, including the Debt Service Schedule attached thereto. Upon the issuance of the Board Bonds, the Debt Service Schedule shall be finalized by the parties and the City shall issue the City Note. Further, after completion of the Project, the parties shall, if necessary, by mutual agreement, revise the Debt Service Schedule to take into account the actual costs and timing of completion. The Chief Financial Officer of the City, on behalf of the City, and the Chief Fiscal Officer and General Counsel of the Board, on behalf of the Board, shall have the right to revise the Debt Service Schedule from time to time as agreed by the parties.

Notwithstanding the Transfer Schedule, the City acknowledges that if, at any time, there are insufficient funds to make a scheduled payment of principal and interest on the City Note (other than the payment on the maturity date of the City Note), then the obligation of the City to pay the deficiency will continue on a cumulative basis through the maturity date of the City Note, provided that the City will pay the deficiency on the next payment date if sufficient funds are then available out of specifically pledged City Increment. The Board will have a claim for any deficiency not paid as of the maturity date but only upon any available City Increment Funds which should have been received by the City before or as of the maturity date but are not received by the City until after the maturity date

(c) The City hereby pledges for payment under the City Note the City Increment consisting of that Michigan/Cermak Increment and River South Increment transferred as Transferred

Increment and 24<sup>th</sup>/Michigan Increment for the amount necessary to meet the Debt Service Schedule for the City Note that is deposited from time to time after the date hereof in a special account which the City has created or shall create within the 24<sup>th</sup>/Michigan Redevelopment Project Area Special Tax Allocation Fund created by the City pursuant to the 24<sup>th</sup>/Michigan TIF Ordinances, such special account is or shall be known as the "Teachers Academy Account " Payments on the City Note will be subject to the availability of such City Increment in the Teachers Academy Account, subject to all restrictions on and obligations of the City contained in all City ordinances relating to the City Increment and all agreements and other documents entered into by the City pursuant thereto. Such City Increment pledged under this paragraph (including the limitations herein) is referred to as the "Pledged Increment." The Pledged Increment shall not include Near South Increment unless and to the extent the City exercises its right to so include such Increment pursuant to Article Three (1)(a) above

(d) (i) The City, during the Term of the Agreement, with the concurrence of the Board, may subordinate the Board's prior right to receive Pledged Increment in connection with the City Note to other obligations of the City to be paid from City Increment that would otherwise have been required to be deposited in the Teachers Academy Account (including all obligations pursuant to: that certain LaSalle Park Public Improvements Redevelopment Agreement entered into or to be entered into by the City and Clark Taylor, L L C., a Delaware limited liability company; and that certain Redevelopment Agreement entered into or to be entered into by the City and Hilliard Homes I Limited Partnership, an Illinois limited partnership, and Hilliard Homes II Limited Partnership, an Illinois limited partnership), based upon the City and the Board reasonably agreeing, based on historical and anticipated City Increment (not including Chinatown Basin Increment or Near South Increment), that the payment of the City Note will not be materially adversely affected by such subordination

(ii) In addition to any mutually agreed to subordination pursuant to Article Three, subsection 1(d)(i) hereof, the City, subject to the terms of this subsection 1(d)(ii), may, until the earlier to occur of the expiration of the Term of this Agreement or payment in full of the City Note, exclude up to 90% of the Increment generated from the construction value of a new assisted development project and pledge that Increment to a developer on a basis superior to that of the Board. For purposes of this subsection, "a new assisted development project" shall not include any development project that is or will be exempt from the payment of ad valorem property taxes. Further, for purposes of this subsection, "Increment generated from the construction value of a new assisted development project" shall be the amount of Increment generated by the equalized assessed value ("EAV") of such affected parcels over and above the EAV of such affected parcels for the year immediately preceding the year in which the new assisted development project commences (the "Base Year"). Except for the foregoing and any mutually agreed to subordination pursuant to Article Three, subsection 1(d)(i) hereof, the Board shall retain its initial lien status relative to City Increment.

In the event that the City elects to avail itself of the provisions of this subsection, it shall, at least seven (7) days prior to executing a binding commitment pledging the Increment described above, certify, in a letter to the Board, the affected parcels and the EAV thereof for the Base Year.

(e) Upon expiration of any call protection period associated with the Board Bonds but before the maturity date, the City shall have the right to prepay in full or in part the City Note in an amount (including any principal and premium, if any) sufficient to enable the Board to call and redeem the Board Bonds, in which event the covenants, agreements and other obligations of the City

to the Board shall be discharged and satisfied. The City shall give the Board thirty (30) days advance written notice of its intent to prepay the City Note.

2. The current estimate of the cost of the Project is \$47,000,000. The Board shall deliver to the Commissioner a detailed project budget for the Project, attached hereto and incorporated herein as Exhibit G. The Board certifies that it has identified sources of funds (including the City Increment Funds) sufficient to complete the Project. The Board agrees that the City will only contribute the City Increment Funds to the Project and that all costs of completing the Project over the City Increment Funds shall be the sole responsibility of the Board. If the Board at any point does not have sufficient funds to complete the Project, the Board shall so notify the City in writing, and the Board may narrow the scope of the Project as agreed with the City in order to construct and rehabilitate the Facility with the available funds.

3. Attached as Exhibit H and incorporated herein is a preliminary list of capital improvements, land assembly costs, relocation costs, financing costs to be incurred in connection with the City Note and other costs, if any, recognized by the City as being eligible redevelopment project costs under the Act with respect to the Project, to be paid for out of City Increment Funds ("TIF-Funded Improvements"); and to the extent the TIF-Funded Improvements are included as taxing district capital costs under the Act, the Board acknowledges that the TIF-Funded Improvements are costs for capital improvements and the City acknowledges it has determined that these TIF-Funded Improvements are necessary and directly result from the 24<sup>th</sup>/Michigan Redevelopment Plan. Prior to the expenditure of City Increment Funds on the Project, the Commissioner, based upon the detailed project budget, shall make such modifications to Exhibit H as he or she wishes in his or her discretion to account for all of the City Increment Funds to be expended under this Agreement; provided, however, that all TIF-Funded Improvements shall (i) qualify as redevelopment project costs under the Act, (ii) qualify as eligible costs under the 24<sup>th</sup>/Michigan Redevelopment Plan; and (iii) be improvements that the Commissioner has agreed to pay for out of City Increment Funds, subject to the terms of this Agreement.

4. If the aggregate cost of the Project is less than the amount of the City Increment Funds contemplated by this Agreement, the Board shall have no claim to the difference between the amount of the City Increment Funds contemplated by this Agreement and the amount of the City Increment Funds actually paid by the City to the Board and expended by the Board on the Project.

To the extent that any City Increment Funds are deposited with the trustee under an indenture securing the Board Bonds, if said trustee returns any excess City Increment Funds to the Board after making all principal and interest payments due in the bond year for which the City Increment Funds were deposited with the trustee, then the Board shall pay such excess City Increment Funds to the City within thirty (30) days of receipt thereof.

5. If requested by the City, the Board shall provide to the City quarterly reports on the progress of the Project and reasonable access to its books and records relating to the Project.

#### ARTICLE FOUR: TERM

The Term of the Agreement shall commence on the date of its execution and shall expire on the date on which the 24<sup>th</sup>/Michigan Redevelopment Area is no longer in effect (through and including July 21, 2022).

## ARTICLE FIVE: INDEMNITY; DEFAULT

1. The Board agrees to indemnify, defend and hold the City, its officers, officials, members, employees and agents harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Board's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Board's or any contractor's failure to pay general contractors, subcontractors or materialmen in connection with the Project.

2 The failure of the Board to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Board under this Agreement or any other agreement directly related to this Agreement shall constitute an "Event of Default" by the Board hereunder. Upon the occurrence of an Event of Default, the City may terminate this Agreement and any other agreement directly related to this Agreement, and may suspend disbursement of the City Increment Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

In the event the Board shall fail to perform a covenant which the Board is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Board has failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those defaults which are not capable of being cured within such thirty (30) day period, the Board shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

## ARTICLE SIX: CONSENT

Whenever the consent or approval of one or both parties to this Agreement is required hereunder, such consent or approval shall not be unreasonably withheld.

## ARTICLE SEVEN. NOTICE

Notice to Board shall be addressed to

Chief Fiscal Officer  
Board of Education of the City of Chicago  
125 South Clark Street, 14<sup>th</sup> Floor  
Chicago, Illinois 60603  
FAX. (773) 553-2701

and

General Counsel  
Board of Education of the City of Chicago  
125 South Clark Street, 7<sup>th</sup> Floor

Chicago, Illinois 60603  
FAX: (773) 553-1702

Notice to the City shall be addressed to:

Commissioner  
City of Chicago  
Department of Planning and Development  
121 North LaSalle Street, Room 1000  
Chicago, Illinois 60602  
FAX: (312) 744-2271

and

Corporation Counsel  
City of Chicago  
Department of Law  
121 North LaSalle Street, Room 600  
Chicago, Illinois 60602  
Attention: Finance and Economic Development Division  
FAX: (312) 744-8538

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth above, by any of the following means (a) personal service, (b) electric communications, whether by telex, telegram, telecopy or facsimile (FAX) machine; (c) overnight courier; or (d) registered or certified mail, return receipt requested

Such addresses may be changed when notice is given to the other party in the same manner as provided above. Any notice, demand or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and, if sent pursuant to subsection (d) shall be deemed received two (2) days following deposit in the mail

#### ARTICLE EIGHT: ASSIGNMENT; BINDING EFFECT

This Agreement, or any portion thereof, shall not be assigned by either party without the prior written consent of the other.

This Agreement shall inure to the benefit of and shall be binding upon the City, the Board and their respective successors and permitted assigns. This Agreement is intended to be and is for the sole and exclusive benefit of the parties hereto and such successors and permitted assigns

#### ARTICLE NINE: MODIFICATION

This Agreement may not be altered, modified or amended except by written instrument signed by all of the parties hereto.

#### ARTICLE TEN: COMPLIANCE WITH LAWS

The parties hereto shall comply with all federal, state and municipal laws, ordinances, rules and regulations relating to this Agreement

#### ARTICLE ELEVEN· GOVERNING LAW AND SEVERABILITY

This Agreement shall be governed by the laws of the State of Illinois. If any provision of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, ordinance, rule of law or public policy, or for any reason, such circumstance shall not have the effect of rendering any other provision or provisions contained herein invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Agreement shall not affect the remaining portions of this Agreement or any part hereof.

#### ARTICLE TWELVE. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original

#### ARTICLE THIRTEEN ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties

#### ARTICLE FOURTEEN. AUTHORITY

Execution of this Agreement by the City is authorized by an ordinance passed by the City Council of the City on March 27, 2002. Execution of this Agreement by the Board is authorized by Board Resolution 01-0725-RS2. The parties represent and warrant to each other that they have the authority to enter into this Agreement and perform their obligations hereunder.

#### ARTICLE FIFTEEN: HEADINGS

The headings and titles of this Agreement are for convenience only and shall not influence the construction or interpretation of this Agreement.

#### ARTICLE SIXTEEN DISCLAIMER OF RELATIONSHIP

Nothing contained in this Agreement, nor any act of the City or the Board shall be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City and the Board

#### ARTICLE SEVENTEEN: CONSTRUCTION OF WORDS

The use of the singular form of any word herein shall also include the plural, and vice versa. The use of the neuter form of any word herein shall also include the masculine and feminine forms, the masculine form shall include feminine and neuter, and the feminine form shall include masculine and neuter.

#### ARTICLE EIGHTEEN: NO PERSONAL LIABILITY



No officer, member, official, employee or agent of the City or the Board shall be individually or personally liable in connection with this Agreement

#### ARTICLE NINETEEN· REPRESENTATIVES

Immediately upon execution of this Agreement, the following individuals will represent the parties as a primary contact in all matters under this Agreement.

For the Board.            Board of Education of the City of Chicago  
125 South Clark Street  
Chicago, Illinois 60603  
Attn.: Chief Fiscal Officer  
Phone 773-553-2700  
Fax 773-553-2701

For the City              City of Chicago, Department of Planning & Development  
121 North LaSalle Street, Room 1000  
Chicago, Illinois 60602  
Attn Robert Kunze  
Phone: 312-744-0051  
Fax 312-744-7996

Each party agrees to promptly notify the other party of any change in its designated representative, which notice shall include the name, address, telephone number and fax number of the representative for such party for the purpose hereof

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed and delivered as of the date first above written

CITY OF CHICAGO, ILLINOIS, by and through the Department of Planning and Development

By *Alicia M. Berry*  
Commissioner  
Department of Planning and Development

THE BOARD OF EDUCATION OF THE CITY OF CHICAGO

By \_\_\_\_\_  
President

Attest By \_\_\_\_\_  
Secretary

Board Resolution No : 01-0725-RS2

Approved as to legal form:

\_\_\_\_\_  
General Counsel

S:\Finance\Gaynor New\Planning\Teachers Acdmy IGA w Bd of Ed\iga final wpd

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed and delivered as of the date first above written

CITY OF CHICAGO, ILLINOIS, by and through the  
Department of Planning and Development

By \_\_\_\_\_  
Commissioner  
Department of Planning and Development

THE BOARD OF EDUCATION  
OF THE CITY OF CHICAGO

By: Michael W. Scott  
President

Attest By Sharon M. Buello  
Secretary

Board Resolution No · 01-0725-RS2

Approved as to legal form:

Marilyn F. Johnson  
General Counsel

S:\Finance\Gaynor New\Planning\Teachers Acdmy IGA w Bd of Ed\iga final.wpd

EXHIBIT A  
THE PROPERTY

**COMMON ADDRESS:** 55 West Cermak Road  
2233 South Federal Street  
2241-2259 South Federal Street  
Chicago, Illinois

**P.I.N.'S.** 17-28-206-001  
17-28-206-002  
17-28-206-003  
17-28-206-004  
17-28-206-042  
17-28-206-043  
17-28-206-044  
17-28-206-045  
17-28-206-046

**PARCEL 1:**

LOTS 1 TO 9 (EXCEPT THAT PART OF SAID LOTS TAKEN FOR WIDENING 22<sup>ND</sup> STREET) IN BLOCK 2 IN UHLICH AND MUHLKE'S ADDITION TO CHICAGO, A SUBDIVISION OF THE SOUTH 60 ACRES OF THE EAST ½ OF THE NORTH EAST 1/4 OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 2:**

THE NORTH ½ OF THE EAST-WEST 15 FOOT WIDE VACATED ALLEY LYING SOUTH OF AND ADJOINING PARCEL 1 AFORESAID

**PARCEL 3:**

THE WEST ½ OF VACATED SOUTH DEARBORN STREET LYING EAST OF AND ADJOINING PARCELS 1 AND 2 AFORESAID

**PARCEL 4:**

LOTS 10 TO 49 IN BLOCK 2 IN UHLICH AND MUHLKE'S ADDITION TO CHICAGO, A SUBDIVISION OF THE NORTH 60 ACRES OF THE EAST ½ OF THE NORTH EAST 1/4 OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PARCEL 5:**

THE NORTH-SOUTH 15 FOOT WIDE VACATED ALLEY LYING WEST OF AND ADJOINING LOTS 10 TO 29 BOTH INCLUSIVE AND LYING EAST OF AND ADJOINING LOTS 30 TO 49 BOTH INCLUSIVE OF PARCEL 4 AFORESAID

**PARCEL 6:**

THE SOUTH ½ OF THE EAST-WEST 15 FOOT WIDE ATTACHED ALLEY NORTH OF AND ADJOINING PARCELS 4 AND 5 AFORESAID:

**PARCEL 7:**

THE WEST ½ OF VACATED SOUTH DEARBORN STREET LYING EAST OF AND ADJOINING PARCELS 4 AND 6 AFORESAID.

**PARCEL 8:**

THE NORTH ½ OF 23<sup>RD</sup> STREET LYING SOUTH OF AND ADJOINING PARCELS 4,5 AND 7 AFORESAID

**COMMON ADDRESS:** 2200-60 South Federal Street  
Chicago, Illinois

**P.I.N.:** 17-28-205-001

**LEGAL DESCRIPTION:**

THAT PART OF LOTS 1 TO 24, BOTH INCLUSIVE, IN BLOCK 3 IN UHLICH AND MUHLKE'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE EAST ½ OF THE NORTHEAST 1/4 (EXCEPT THE SOUTH ½ OF THE SOUTH ½ THEREOF), OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS

ALL THAT PART OF LOTS 1 TO 24, BOTH INCLUSIVE, IN SAID BLOCK 3 LYING EAST OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT A POINT IN THE NORTH LINE OF 23<sup>RD</sup> STREET, WHICH IS ALSO IN THE SOUTH LINE OF SAID BLOCK 3, 105 FEET WESTERLY, MEASURED ALONG SAID SOUTH LINE FROM ITS INTERSECTION WITH THE WEST LINE OF FEDERAL STREET AS NOW LOCATED IN SAID CITY, THENCE NORTHERLY IN A STRAIGHT LINE PARALLEL WITH THE WEST LINE OF FEDERAL STREET WHICH IS ALSO THE EAST LINE OF SAID BLOCK 3, 377.75 FEET, MORE OR LESS, TO A POINT 200 FEET SOUTHERLY FROM THE SOUTH LINE OF CERMAK ROAD AS NOW LOCATED, MEASURED ALONG SAID LAST DESCRIBED LINE EXTENDED NORTHWARDLY, THENCE NORTHWESTERLY IN A STRAIGHT LINE 200 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF CERMAK ROAD AS NOW LOCATED, SAID POINT BEING 110 FEET WESTERLY MEASURED ALONG SAID SOUTHERLY LINE OF CERMAK ROAD FROM ITS INTERSECTION WITH THE SAID WEST LINE OF FEDERAL STREET, IN COOK COUNTY, ILLINOIS

## EXHIBIT B

### FEATURES OF THE FACILITY

Address. 22<sup>nd</sup> Street and Federal Street

Project Description:

The National Teacher's Academy project will result in a state of the art, full service elementary school facility with adjoining infant/toddler/community center. The facility is also designed to be a state of the art mentoring, training, and education campus that can support demonstration and distance learning opportunities year round. Total design capacity for the center is 1,100 children and adults.

The academy includes 26 classrooms, grades one through eight, 2 kindergarten classrooms, 2 pre-kindergarten classrooms, 2 science laboratories, a computer lab, and art, music, media, and library centers. The school will be fully wired for technology and includes a distance learning component and an administrative/student support suite.

The school's training academy component includes 4 large classrooms, 4 conference rooms, 4 observation rooms, and administrative offices.

The National Teacher's Academy Community Center is located just west of the school facility. The buildings are joined by an overhead walkway or "bridge." The community center includes 7 infant and toddler classrooms, a gymnasium, natatorium, playroom/meeting room, and an administrative center.

Capacity: Student capacity (infant/toddlers through 8<sup>th</sup> grade) will be approximately 850 students (155,475 square feet).

EXHIBIT C  
24TH/MICHIGAN REDEVELOPMENT PLAN  
(See Attached)

**CITY OF CHICAGO**

**24TH/MICHIGAN REDEVELOPMENT PROJECT AREA**

**TAX INCREMENT FINANCE PROGRAM**

**REDEVELOPMENT PLAN AND PROJECT**

**CITY OF CHICAGO  
RICHARD M. DALEY  
MAYOR**

**APRIL 1999**

**PREPARED BY  
LOUIK/SCHNEIDER & ASSOCIATES, INC.  
ERNEST R. SAWYER ENTERPRISES, INC.  
NOITAM, INC.**



**REDEVELOPMENT PLAN AND PROJECT FOR  
24TH/MICHIGAN REDEVELOPMENT PROJECT AREA  
TAX INCREMENT FINANCING PROGRAM**

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## I. INTRODUCTION

The 24th/Michigan Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area") is located on the near south side of the City of Chicago (the "City"), approximately 2 miles south of the central business district. The Redevelopment Project Area is comprised of approximately 119 acres and includes 35 (full and partial) blocks. The boundaries of the Redevelopment Project Area are Cullerton Street on the north, the Stevenson Expressway on the south, Prairie Avenue on the east, Wentworth Avenue, and the Metra Northwest Illinois Rail Corp. on the west. The boundaries are shown on Redevelopment Plan Map 1, Project Boundary.

The Redevelopment Project Area is well-suited to institutional, residential, commercial mixed-use development, and its close proximity to an excellent local and regional transportation network makes the area accessible to shoppers and residents. The Redevelopment Project Area is adjacent to the Stevenson Expressway (I-55) which accesses Lake Shore Drive, the Dan Ryan Expressway (I-94), the Kennedy Expressway (I-90) and the Eisenhower Expressway (I-290).

The Redevelopment Project Area is also well served by public transportation, making the site easily accessible to the local work force. The Chicago Transit Authority ("CTA") bus lines that service the Redevelopment Project Area directly are the #24 Wentworth, #29 State, and #1 Indiana-Hyde Park. The CTA Green Line runs through the Redevelopment Project Area between State Street and Wabash Avenue with a newly renovated station south of the Redevelopment Project Area in Bronzeville Station at 35th Street. The CTA Red Line has a stop in the northwest section of the Redevelopment Project Area: the Cermak-Chinatown Station at 22<sup>nd</sup> Street and LaSalle Street.

The Redevelopment Project Area lies adjacent to the existing TIF Districts: Michigan/Cermak, Near South and River South on the north, Bronzeville on the south, and Chinatown Basin on the west. All of these areas contain the majority of the characteristics that constitute blighted areas. The close proximity of these TIF Districts to the Redevelopment Project Area develops a pattern in which a blighted area can influence the conditions of the Redevelopment Project Area.

The Redevelopment Project Area is characterized by numerous deteriorated and obsolete commercial buildings, a significant number of vacant parcels, and a general lack of maintenance of properties. Much of the Redevelopment Project Area consists of:

- deteriorated buildings and site improvements;
- vacant and underutilized buildings;
- obsolescence; and
- other blighting characteristics.

The purpose of the 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project ("the Plan") is to create a mechanism to allow for the planning and financing of a mixed-use development containing commercial, industrial, residential and institutional uses/community facilities.

This Plan summarizes the analyses and findings of the consultants' work, which, unless otherwise noted, is the responsibility of Louik/Schneider & Associates, Inc., Ernest R. Sawyer Enterprises, Inc and Noitam Inc. The City of Chicago is entitled to rely on the findings and conclusions of this Plan in designating the Redevelopment Project Area as a redevelopment project area under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (1996 State Bar Edition), as amended (the "Act"). Louik/Schneider & Associates, Inc. has prepared this Plan and the related eligibility study with the understanding that the City would rely: 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and 2) on the fact that Louik/Schneider & Associates, Inc. has obtained the necessary information so that the Plan and the related eligibility study will comply with the Act.

## **A. AREA HISTORY**

The Redevelopment Project Area is located in one of the City's 77 community areas - the Near South Side. The area has traditionally been industrial and commercial with a small population. Currently it is one of the least populated areas in the City and suffers from economic underdevelopment and dilapidated housing. However, the area began its history as a fashionable community developed with apartments and hotels built in anticipation of the World's Columbian Exposition in 1893. Despite these auspicious beginnings, more fashionable residents soon left the area for the Gold Coast area to the north and the Kenwood Area to the south.

At the turn of the Century the area was characterized by warehouses and other commercial development. These wholesale houses and warehouses were pushed out of the Loop by high prices. The area became a home to two Chicago printing empires, the Lakeside Press and R. R. Donnelley and Sons, both built between 1912 and 1924. During the same period, the fast growing new automobile industry located showrooms along Michigan Avenue. The area also provided a home for the new and used auto parts industry that still exists today. African-Americans migrated to the area during and after World War I. The area is bordered by Bronzeville on the south and soon became a central part of what is commonly called *The Black Metropolis* or "Black Belt". This was an area bordered by Van Buren Street on the north, 39th Street on the south, the white residential community that began at State Street on the east and railroads and an industrial community on the west. The "Black Belt" represented a contiguous and independent black political, social and commercial community. As the area transformed into an African-American community, the population declined as German and Irish residents left the area. The population increased briefly as African-Americans moved to the City from the South.

There are two venerable African-American institutions in the Redevelopment Project Area. the Quinn Chapel (1892) and the Chicago Defender (1906). The Quinn Chapel is a National Historic Landmark and is the oldest African-American Church in the City. The Chicago Defender is the oldest African-American publication currently in circulation. It has a national reputation and has formed a cornerstone of the Black media throughout the 20th century and into the new millennium. These institutions saw the community rapidly change into an almost completely African-American community.

During this period of transition, two public housing projects were erected to accommodate residents and replace slums in the area. The Harold Ickes Homes were erected in 1955 and the Hilliard Homes were erected in 1966. While initially conceived as integrated housing, these projects and the area itself were highly segregated. By the 1960's, the area was 77% African-American, and by 1990 it was 94% African-American.

The area has suffered from severe concentrations of poverty. As of 1989, the median family income was less than \$10,000 a year, one of the lowest in the City. Three fourths of the households are female headed and of those, 60% live below the poverty line. In 1992, the area was dealt a major blow when R.R. Donnelley closed its doors. However, at the same time the community has been bordered by pockets of prosperity and economic development. McCormick Place was constructed in 1960, and there were other developments in the area connected with the change along with several examples from an industrial economy to a service economy partially based on the convention and tourism industry. Upscale housing developments like the second phase of Dearborn Park (1988) and Central Station (1990) have brought affluent residents to the surrounding areas. The new Museum Campus also represents a major change to the area because Cermak Road is no longer a major artery for Lakeshore Drive. Despite surrounding prosperity and change, economic hardship in the area remains a persistent problem.

## **B. ZONING CHARACTERISTICS**

At the present time, the existing land uses include commercial, industrial, residential and institutional uses. Permitted zoning uses for the Redevelopment Project Area include commercial (C1-3, C2-3, and C2-4), industrial (M1-2, M1-3, M1-4, and M2-4) and residential (R5). Also included in the Redevelopment Project Area is Planned Development No. 31.

The designated commercial districts are located in four sections of the Redevelopment Project Area. The first section, zoned C1-3, is located at the northeast corner of Wentworth Avenue and Cermak Road. The second section, zoned C2-3, is on the south side of Cermak Road at Federal Street, continuing west one and one quarter block. The third section, also zoned C2-3, is the east side of State Street. The last section, zoned C2-4, is from the alley between Wabash and Michigan Avenues east to the alley between Michigan and Indiana Avenues.

There are two areas zoned residential: the Ickes and the Hilliard Homes. The Ickes Homes between 22nd and 25th Streets, on State Street, are zoned R5 except for portions of two blocks

along Clark Street. The Hilliard Homes between Cullerton Street, Cermak Road, State and Clark Streets are zoned Planned Development No. 31.

Manufacturing Districts are located in five areas. The far northwest section of the Redevelopment Project Area immediately west of Clark Street is zoned M1-4. From the railroad tracks east to Federal at Cermak Road on the north end and from the railroad tracks east to Dearborn Street at the Stevenson Expressway is the second area zoned manufacturing, M1-2. The northeast corner of Clark Street and Cermak Road is the next area zoned with a manufacturing zoning of M2-4. The area immediately west of the CTA tracks to the alley between Wabash and Michigan Avenues, is the fourth area zoned M1-3. The last section zoned M1-4 is at the east end of the Redevelopment Project Area, from the alley between Michigan and Indiana Avenues east to the eastern boundary.

### **C. TAX INCREMENT ALLOCATION REDEVELOPMENT ACT**

An analysis of conditions within this area indicates that it is appropriate for designation as a Redevelopment Project Area under the Act. The Redevelopment Project Area is characterized by conditions which warrant its designation as a "Blighted Area" within the definitions set forth in the Act.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted and conservation areas by pledging the increase in tax revenues generated by public and private redevelopment. This increase in tax revenues is used to pay for upfront costs that are required to stimulate private investment in new redevelopment and rehabilitation, or to reimburse private developers for eligible costs incurred in connection with any redevelopment. Municipalities may issue obligations to be repaid from the stream of real property tax increment revenues that are generated within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value ("EAV") or the Certified Base EAV for all taxable real estate located within the Redevelopment Project Area and the current year EAV. The EAV is the assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

This Plan has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the "Redevelopment Project."

This Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see Exhibit 5 - *24th/Michigan Tax Increment Finance Program - Eligibility Study*). After approval of the Plan, the City Council may then formally designate the Redevelopment Project Area.

The purpose of this Plan is to ensure that new development occurs

1. On a coordinated rather than a piecemeal basis to ensure that the land use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that blighted area factors are eliminated; and
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government.

Regardless of when the Redevelopment Plan and Project is adopted, it will include land uses that have already been approved by the Chicago Plan Commission.

There has been no major private investment in the Redevelopment Project Area for at least the last five years. The adoption of the Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Plan. Public investments will create the appropriate environment to attract the level of private investment required for rebuilding the Redevelopment Project Area.

Successful implementation of the Redevelopment Project requires that the City take advantage of the real estate tax increment revenues attributed to the Redevelopment Project Area as provided in accordance with the Act.

## II. REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Redevelopment Project Area is located on the near south side of the City, approximately two miles south of the central business district. The Redevelopment Project Area is comprised of approximately 119 acres and includes 35 (full and partial) blocks. The Redevelopment Project Area is generally bounded by Cullerton Street on the north, the Stevenson Expressway on the south, Prairie Avenue on the east, and Wentworth Avenue and the Metra Northwest Illinois Rail Corp. on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map, and the existing land uses are identified on Redevelopment Plan Map 2. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefited by the Plan.

The legal description of the Redevelopment Project Area is attached to this plan as Exhibit 1 - Legal Description

### III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

Comprehensive goals and objectives are included in this Plan to guide the decisions and activities that will be undertaken to facilitate the redevelopment of the Redevelopment Project Area. Many of them can be achieved through the effective use of local, state and federal mechanisms

These goals and objectives generally reflect existing City policies affecting all or portions of the Redevelopment Project Area as identified in the following plans and regulations.

- *Attracting Business in the 21st Century, Metropolitan Pier and Exposition Authority Managing McCormick Place and Navy Pier, Financial Plan for Fiscal Years, 1999, 2000, 2001, Adopted by the Board of Directors May 5, 1998*
- *Mid-South Strategic Development Plan, City of Chicago Department of Planning and Development and The Mid-South Planning Group, September 1993*
- *The Near South: A Blueprint for Redevelopment, City of Chicago, Department of Planning and Development, January 1992*
- *Planning Principles for Chicago's Central Area, City of Chicago Department of Planning, September 1991*
- *Report on McCormick Place Expansion, Joint Task Force on Burnham Park Planning, June 1990*
- *Near South Area Planning Strategy, Near South Planning Board, Lakota Group, November 1998.*
- *1998 Chicago Zoning Ordinance*

Certain goals and objectives of these plans and regulations are incorporated in the section below.

#### A. GENERAL GOALS AND REDEVELOPMENT OBJECTIVES

In order to redevelop the Redevelopment Project Area in a planned manner, the establishment of goals is necessary. The following goals are meant to guide the development and/or the review of all future projects that will be undertaken in the Redevelopment Project Area. To achieve the general goals of this Plan, the following redevelopment objectives have been established.



**GOAL 1** Improve the quality of life in Chicago by enhancing the local tax base through the improvement of the Redevelopment Project Area's economic vitality.

**OBJECTIVES** Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Blighted Area.

Encourage the preservation of the existing architectural character through the use of governmental mechanisms.

Create a physical environment that is conducive to the development of commercial-service uses.

**GOAL 2** Encourage sound community and economic development in the Redevelopment Project Area.

**OBJECTIVES** Encourage private investment, through incentives, in new commercial and industrial development.

Promote the Redevelopment Project Area's amenities, in particular its proximity to McCormick Place to encourage new commercial development

**GOAL 3** Create an environment within the Redevelopment Project Area that will contribute to the health, safety and general welfare of the City, and preserve or enhance the value of properties in the area.

**OBJECTIVES** Provide public infrastructure improvements where necessary. Replace and repair sidewalks, curbs and alleys throughout the Redevelopment Project Area.

Install appropriate streetscaping amenities to enhance and unify the Redevelopment Project Area as a natural extension of the McCormick Place expansion and development of the South Loop in particular along Michigan Avenue.

Improve the safety and security of patrons and employees of the businesses in the Redevelopment Project Area.

Reduce the amount of on-street truck loading and storing. Improve the truck storage facilities to compliment the streetscaping improvements made to the north along State Street and to the east of McCormick Place.

**GOAL 4** Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing real estate values and the local tax base

**OBJECTIVE** Facilitate the development of vacant land and the redevelopment of underutilized properties for commercial, industrial, residential and institutional uses.

Increase the amount of pedestrian traffic from the surrounding residential development as well as McCormick Place.

**GOAL 5** Encourage the participation of minorities and women in the redevelopment process of the Redevelopment Project Area.

**OBJECTIVES** Make companies aware of the City and private firms' affirmative action policies for development and construction.

**GOAL 6** Create and preserve job opportunities in the Redevelopment Project Area.

**OBJECTIVES** Establish job-training and job-readiness programs to provide area residents within and surrounding the Redevelopment Project Area with the skills necessary to secure jobs.

Secure commitments from employers in the Redevelopment Project Area and adjacent areas to interview graduates of the Redevelopment Project Area's job readiness and job training programs.

Encourage the use of the City's Workforce Solution Program by existing industries/companies and firms in the area

**GOAL 7** Create an environment for new educational, open space and other institutional facilities to serve the surrounding community.

**OBJECTIVES** Encourage appropriate and necessary public service agencies to locate in the Redevelopment Project Area.

Provide expansion opportunities for existing institutions in or around the Redevelopment Project Area.

Provide enhancement opportunities for new and existing parks or additional green space in the Redevelopment Project Area

**GOAL 8** Develop a link between the Redevelopment Project Area and its surrounding communities.

**OBJECTIVES** Encourage the development of service/convenience oriented businesses that complement the needs of the McCormick Place vendors/patrons.

Promote the desirability of the Redevelopment Project Area as an excellent location for restaurant / entertainment venues.

Continue the existing streetscaping, sidewalk and street improvements of China Town and McCormick Place that surround the Redevelopment Project Area

**GOAL 9** Encourage the preservation of historic buildings throughout the Redevelopment Project Area

**OBJECTIVES** Obtain Landmark Designation for appropriate buildings in the Redevelopment Project Area.

Encourage the renovation of the historically significant automobile row buildings.

**GOAL 10** Improve the conditions of existing residential developments and establish standards for any future developments.

**OBJECTIVES** Work with the Chicago Housing Authority to continue the rehabilitation efforts currently underway for the existing public housing.

Encourage streetscape improvements and open space beautification for the internal road for the existing public housing.

Provide enhancement opportunities for existing schools and new and existing parks or additional green space in the Redevelopment Project Area.

## **B. DESIGN OBJECTIVES**

Although overall goals and redevelopment objectives are important in the process of redeveloping such an area, the inclusion of design guidelines is necessary to ensure that redevelopment activities result in an attractive environment. The following design objectives give a generalized and directive approach to the development of specific redevelopment projects.

- Encourage coordinated development of parcels and structures to achieve attractive and efficient building design, unified off-street parking and appropriate access to nearby arterial streets.
- Achieve development that is integrated functionally and aesthetically with adjacent and nearby existing development.
- Ensure a safe and functional traffic circulation pattern, adequate ingress and egress, and capacity in the Redevelopment Project Area.
- Encourage high standards of building and streetscape design to ensure the high quality appearance of buildings, rights-of-way and open spaces.
- Ensure that necessary security, screening, and buffering devices are attractively designed and are compatible with the overall design of the Redevelopment Project Area.
- Encourage a variety of streetscape amenities which include such items as sidewalk planters, flower boxes, plazas, a variety of tree species and wrought-iron fences where appropriate.
- Maintain the integrity of the historically significant structures throughout the Redevelopment Project Area, particularly along Michigan Avenue.

## **IV. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA**

The Act states that a "Blighted Area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health, morals or welfare because of a combination of five or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies, overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning. All factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise and will not be developed without action by the City.

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., Ernest R. Sawyer Enterprises, Inc, and Noitam, Inc. shows the Redevelopment Project Area qualifies as an improved Blighted Area as defined by the Act. A separate report, entitled "City of Chicago 24th/Michigan Tax Increment Finance Program Eligibility Study" dated April 1999 (the "Eligibility Study"), is attached as Exhibit 5 to this Plan and describes in detail the surveys and analyses undertaken and the basis for the finding that the Redevelopment Project Area qualifies as an improved Blighted Area.

The Redevelopment Project Area is characterized by the presence of nine (9) blighted area eligibility factors as listed in the Act. Summarized below are the findings of the Eligibility Study.

### **A. SUMMARY OF ELIGIBILITY FACTORS**

The Redevelopment Project Area (also referred to as the "Study Area" in the Eligibility Study) consists of 35 (full and partial) blocks and 318 parcels. There are 92 buildings in the Redevelopment Project Area

Throughout the Redevelopment Project Area nine of the 14 blighted area eligibility criteria are present, six to a major extent and three to a minor extent. The nine blighting factors that have been identified in the Redevelopment Project Area are as follows:

#### Major extent

- age
- obsolescence
- deterioration
- excessive land coverage
- deleterious land use or layout
- depreciation of physical maintenance

#### Minor extent

- dilapidation
- structures below minimum code
- excessive vacancies

The eligibility findings are as follows:

### **MAJOR EXTENT**

#### **1. AGE**

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures, which are at least 35 years old. In the Redevelopment Project Area, age is **present to a major extent** in 82 of the 92 (89.1%) buildings and in 21 of the 35 blocks.

#### **2. OBSOLESCENCE**

Obsolescence, both functional and economic, includes vacant and dilapidated structures and industrial buildings that are difficult to reuse by today's standards. In the Redevelopment Project Area, obsolescence is **present to a major extent** in 132 of the 318 (41.5%) parcels and in 21 of the 35 blocks.

#### **3. DETERIORATION**

Deterioration is present in structures with physical deficiencies or site improvements requiring major treatment or repair. Deterioration is **present to a major extent** in the Redevelopment Project Area in 58 of the 92 (63%) buildings, in 93 of the 318 (29.2%) parcels and in 15 of the 35 blocks.

#### **4. EXCESSIVE LAND COVERAGE**

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. In the Redevelopment Project Area, excessive land coverage is **present to a major extent** in 56 of the 92 (61%) buildings and in 81 of the 318 (25.5%) parcels and in 16 of the 35 blocks.

### **5. DELETERIOUS LAND USE OR LAYOUT**

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses which may be considered noxious, offensive or environmentally unsuitable. In the Redevelopment Project Area, deleterious land use and layout is **present to a major extent** in 107 of the 318 (33.6%) parcels and in 19 of the 35 blocks.

### **6. DEPRECIATION OF PHYSICAL MAINTENANCE**

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures. In the Redevelopment Project Area, depreciation of physical maintenance is **present to a major extent** in 80 of the 92 (87%) buildings, in 253 of the 318 (80%) parcels, and in 34 of the 35 blocks.

### **MINOR EXTENT**

#### **1. DILAPIDATION**

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In the Redevelopment Project Area, dilapidation is **present to a minor extent** in 14 of the 92 (15.2%) buildings and in 4 of the 35 blocks.

#### **2. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS**

Structures below minimum code standards are **present to a minor extent** in 52 of the 92 (56.5%) buildings in the Redevelopment Project Area over the last seven years. For the year 1998, only 3 of the 92 (3.3%) buildings were cited for building code violations.

#### **3. EXCESSIVE VACANCIES**

Excessive vacancy refers to buildings or sites, of which a large portion are unoccupied or underutilized and which exert an adverse influence on the area because of the frequency, duration or extent of vacancy. In the Redevelopment Project Area, excessive vacancies are **present to a minor extent** in 18 of the 92 (19.6%) buildings and in 10 of the 35 blocks.

### **B. ELIGIBILITY FINDINGS CONCLUSION**

The number, degree and distribution of factors as documented in this report warrant the designation of the Redevelopment Project Area as a Blighted Area as set forth in the Act. Specifically:

- Of the 14 blighting factors set forth in the Act for improved land, of which five are required for a finding of blight, nine are present. Six of the factors are found present to a major extent and three to a minor extent.
- The Blighted Area factors that are present are reasonably distributed throughout the Area.

The eligibility findings indicate that the Redevelopment Project Area contains factors which qualify it as a Blighted Area in need of revitalization and that designation as a redevelopment project area will contribute to the long-term well being of the City. The Blighted Area eligibility factors are distributed throughout the Redevelopment Project.

Additional research indicates that the Redevelopment Project Area on the whole (i) has not been subject to growth and development through investment by private enterprise and (ii) would not reasonably be anticipated to be developed without the adoption of the Plan. Specifically:

- Exhibit 2 - Building Permit Requests contains a summary of the building permit requests for new construction and major renovation submitted to the City of Chicago. There were seven building permit requests for new construction or renovation for the Redevelopment Project Area from July of 1993 to July of 1998.
- Additionally, there were three demolition permits issued for the Redevelopment Project Area from July of 1993 - July of 1998.
- The Redevelopment Project Area is primarily comprised of commercial uses. The EAV for all property in the City increased from \$28,661,954,119 in 1993 to \$35,893,677,135 in 1997, a total of 25.23% or an average of 6.31% per year. Over the last four years, from 1993 to 1997, the Redevelopment Project Area has experienced an overall EAV increase of 7.57% from \$14,523,821 in 1993 to \$15,623,532 in 1997, an average increase of 1.89% per year.

The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. and Noitam, Inc. Based upon the above and the findings of the Eligibility Study for the Redevelopment Project Area, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Plan.



## V. 24TH/MICHIGAN REDEVELOPMENT PROJECT

This Redevelopment Project Area is a support area not only for the City's Central Business District (CBD) but also to McCormick Place. It is essential that the area develops in such a manner that it becomes an economic link between the CBD, Near South Loop Area, McCormick Place and the Bronzeville Community. The Redevelopment Project Area will provide redevelopment opportunity not only for new development, but also for jobs for the community residents.

It is also the goal of this Plan to provide an environment that will encourage the growth of existing industries as well as the hospitality industry, which is critical to McCormick Place. McCormick Place is the largest convention and tourism facility in the United States. McCormick Place is an economic generator for the City as well as the entire State of Illinois. The following chart indicates the attendance at McCormick Place for the years 1994-1997.

Year	Attendance	Net Square Feet
1994	2,792,205	12,246,673
1995	3,214,934	11,835,840
1996	3,044,588	13,198,020
1997	3,019,329	13,404,659

The future for McCormick Place is one of stability and potential new growth, which will continue to provide for the needs of current and future trade shows. The recently completed \$987 million McCormick Place expansion project includes a new building containing 840,000 square feet of first class exhibit space and 70,000 square feet of new meeting facilities, as well as rehabilitation of the existing North and East buildings. In addition, a Hyatt Hotel with 800 rooms is part of the expansion project.

In the past, the majority of these three million annual users of McCormick Place received hospitality service from the CBD and Near North Area. It is this Plan's objective to provide necessary space within the Redevelopment Project Area to meet the demand by McCormick Place visitors, staff and workers as well as area residents and businesses for various service facilities including restaurants, entertainment, lodging, shopping and ancillary facilities. In addition, this Plan encourages the growth and expansion of companies servicing the actual exhibit hall preparation and construction for trade shows and exhibits.

The area also includes other industries that would be assisted in their operation not only in this Redevelopment Project Area but also in the five adjacent TIF Areas previously mentioned in the Introduction.

The following section identifies the proposed land uses for the Redevelopment Project Area.

## **A. GENERAL LAND USE PLAN**

The Land Use Plan, Redevelopment Plan Map 3, identifies the uses that will be in effect upon adoption of this Plan. The major land use categories are consistent with existing land uses for the Redevelopment Project Area, which currently include commercial with residential and institutional uses.

The Chicago Plan Commission will approve this Plan and the proposed land uses described herein prior to the adoption of the Plan by the City Council. The proposed land use categories and a discussion of the rationale supporting their determination are as follows:

### **1. RESIDENTIAL/PUBLIC FACILITY/INSTITUTIONAL**

The proposed residential/public facility/institutional land use is proposed for the area between Cullerton Avenue, the Stevenson Expressway, the west side of State Street, and the railroad. This area is currently residential and it is recommended that it remain residential.

Public Facility includes uses such as parks, open space, public housing and publicly owned facilities. The proposed residential/public facility land use includes the Chicago Housing Authority Public property (Hilliard and Ickes Homes) as well as the community service facility located in the Ickes Complex.

Institutional land uses include property utilized by educational institutions, health care facilities, and religious congregations.

### **2. COMMERCIAL/RESIDENTIAL/INDUSTRIAL/INSTITUTIONAL**

To service the needs of the community, Commercial/Residential/Industrial/Institutional uses are proposed for three sections in the Redevelopment Project Area. The first section is located along the east side of State Street between 22<sup>nd</sup> Street and the Stevenson Expressway. The second section includes the property along both sides of Michigan Avenue and expands west of Michigan Avenue to include the Ray Graham Training Center and Quinn Chapel. This land use is also proposed for the block between Cermak Road and 23<sup>rd</sup> Street on the east of LaSalle Street. This mixed-use category allows for a combination of any of the above uses.

### **3. MIXED USE COMMERCIAL/INDUSTRIAL**

The proposed commercial and industrial land uses for the Redevelopment Project Area are located in two areas east of the CTA tracks: 1) along Wabash Avenue between 22<sup>nd</sup> and 24<sup>th</sup> Streets and 2) from the alley east of Michigan Avenue to Prairie Avenue. Redevelopment of this property for the commercial/industrial uses is not only compatible with the surrounding land use patterns and history of the neighborhood, but also allows for the expansion of those land uses in the territory surrounding the Redevelopment Project Area.

### **4. MIXED USE COMMERCIAL/RESIDENTIAL/INSTITUTIONAL**

The proposed mixed-use commercial/residential/institutional land use allows for the uses to be employed independently or in combination. This use is proposed for a small area in Chinatown between the CTA tracks west to the western boundary of the Redevelopment Project Area. The current use includes a parking lot and a commercial business. As redevelopment occurs within this section of the Redevelopment Project Area, the highest and best use may be a combination such as commercial on the first floor with residential units above.

Institutional land uses include property utilized by educational institutions, health care facilities, and religious congregations.

## **B. REDEVELOPMENT PROJECT**

The purpose of this Plan is to create a planning and programming mechanism that also provides the financial vehicle to allow for the redevelopment of properties within the Redevelopment Project Area. The Plan contains specific redevelopment objectives addressing both private actions and public improvements, which are to assist in the overall redevelopment of the Redevelopment Project Area. Implementation of the Plan will be undertaken on a phased basis and will help to eliminate those existing conditions, which make the Redevelopment Project Area susceptible to blight.

The Plan for the 24th/Michigan Redevelopment Project Area incorporates the use of tax increment funds to stimulate and stabilize not only the Redevelopment Project Area but also the properties in the surrounding area through the planning and programming of public and private improvements. The underlying Plan strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment. The City may enter into redevelopment agreements, which will generally provide for the City to provide funding for activities permitted by the Act. The funds for these improvements will come from the incremental increase in tax revenues generated from the Redevelopment Project Area, or the City's issuance of bonds to be repaid from the incremental increase. A developer or user will undertake the responsibility for the required site improvements and will further be required to build any agreed upon improvements required for the project. Under a redevelopment agreement, the developer

may also be reimbursed from incremental tax revenues (to the extent permitted by the Act) for all or a portion of the costs of required site improvements.

Additionally, the implementation of the Plan will allow the City to attract a variety of uses in support of McCormick Place Convention Center. It is also anticipated that the commercial component of the Plan will give City residents and students a place to shop and as a result bring increased sales tax dollars to the City.

### **C. ESTIMATED REDEVELOPMENT PROJECT ACTIVITIES AND COSTS**

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking certain activities and incurring certain costs. Such activities may include some or all of the following:

1. **ANALYSIS, ADMINISTRATION, STUDIES, LEGAL, ETC.** Funds may be used by the City to provide for activities including the long-term management of the Redevelopment Project as well as the costs of establishing the program and designing its components. Funds may be used by the City to provide for costs of studies, surveys, development of plans and specifications, implementation and administration of the plan, including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, environmental or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected.
  
2. **ASSEMBLAGE OF SITES.** To meet the goals and objectives of this Plan, the City is authorized to acquire and assemble property in the Redevelopment Project Area, clear the property of any and all improvements if any, engage in other site preparation activities and either (a) sell, lease or convey such property for private redevelopment or (b) sell, lease or dedicate such property for construction of public improvements or facilities. Land assemblage by the City may be by, among other means, purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program. The City may pay for a private developer's (or redeveloper's) cost of acquiring land and other property, real or personal, or rights or interests therein, demolition of buildings, environmental remediation, and the clearing and grading of land including the demolition and environmental remediation of vacant railroad facilities. Acquisition of land for public rights-of-way may also be necessary for the portions of said rights-of-way that the City does not own (see Map 4 - Properties That May Be Acquired and Exhibit 3)

As a necessary part of the redevelopment process, the City may hold and secure property, which it has acquired, and place it in temporary use until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, and parking or other uses the City may deem appropriate.

In connection with the City exercising its power to acquire real property (except for those properties described on Map 4), including the exercise of the power of eminent domain, under the Act in implementing the Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this plan.

For properties described on Map 4, acquisition of occupied property by the City shall commence within four years from the date of the publication of the ordinance approving the Plan. Acquisition shall be deemed to have commenced with the sending of an offer letter. After the expiration of this four-year period, the City may acquire such property pursuant to this Plan under the Act according to its customary procedures, as described in the immediately preceding paragraph.

3. **REHABILITATION COSTS.** The costs for rehabilitation, reconstruction or repair or remodeling of existing public or private buildings or fixtures including, but not limited to, provision of facade improvements for the purpose of improving the facades of privately held properties may be funded.
4. **PROVISION OF PUBLIC IMPROVEMENTS AND FACILITIES.** Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:
  - a. Provision for streets, public rights-of-way and public transit facilities
  - b. Provision of utilities necessary to serve the redevelopment
  - c. Public landscaping
  - d. Public landscape/buffer improvements, street lighting and general beautification improvements
  - e. Public parking facilities
  - f. Public schools
  - g. Public parks and open space
5. **JOB TRAINING AND RELATED EDUCATIONAL PROGRAMS.** Funds may be used by the City for programs to be created for Chicago residents so that they may take advantage of the employment opportunities in the Redevelopment Project Area.
6. **FINANCING COSTS.** Financing costs may be funded, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto.

7. **CAPITAL COSTS.** All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Project, to the extent the City by written agreement, accepts and approves such costs, may be funded.
8. **PROVISION FOR RELOCATION COSTS.** Relocation assistance may be provided in order to facilitate redevelopment of portions of the Redevelopment Project Area, and to meet other City objectives. Businesses or households legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City. Funds may be used by the City or made available for the relocation expenses of public entities, private property owners and tenants of properties relocated or acquired by the City or a developer for redevelopment purposes or by a public entity.
9. **PAYMENT IN LIEU OF TAXES ACCORDING TO THE ACT.**
10. **COSTS OF JOB TRAINING.** Funds may be provided for costs of job training, advanced vocational education, or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs a) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by companies located in a redevelopment project area; and b) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act (as defined in the Act) and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code (as defined in the Act).
11. **INTEREST COSTS.** Funds may be provided to developers or redevelopers for a portion of interest costs incurred in the construction of a redevelopment project. Interest costs incurred by a developer or redeveloper related to the construction, renovation or rehabilitation of a redevelopment project may be funded provided that:
  - a) Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
  - b) Such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the developer or the redeveloper with regard to the redevelopment project during that year,

- c) If there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph then the amounts due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
  - d) The total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total of costs paid or incurred by the developer or redeveloper for the redevelopment project plus redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act.
12. **NEW CONSTRUCTION COSTS.** The Act currently provides that incremental property tax revenues **may not** be used by the City for the construction of new privately owned buildings.
13. **REDEVELOPMENT AND OTHER AGREEMENTS -** The City may enter into redevelopment agreements with private developers or redevelopers, which may include but not be limited to, terms of sale, lease or conveyance of land, requirements for site improvements, public improvements, job training and interest subsidies. In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements. In addition, the City may enter into intergovernmental agreements with public entities to construct, rehabilitate, renovate or restore public improvements.
14. **AFFORDABLE HOUSING.** The City requires that developers who receive TIF assistance for market rate housing set aside at a minimum, 20% of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means that the affordable for-sale units should be priced at a level that they may be purchased by persons earning no more than 120% of the area median income, and affordable rental units should be affordable to persons earning no more than 80% of the median income.

To undertake these activities, redevelopment project costs will be incurred. "Redevelopment Project Costs" (hereafter defined as the "Redevelopment Project Costs") means the total sum of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Plan pursuant to the Act.

The estimated Redevelopment Project Costs are shown in Table 1. The total Redevelopment Project Costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, City interest and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Plan. The Redevelopment Project Costs represent estimated amounts and **do not represent actual City commitments or expenditures.**

Table 1 - (Estimated Redevelopment Project Costs) represents those eligible project costs pursuant to the Act. These upper limit expenditures are potential costs to be expended over the maximum 23-year life of the Redevelopment Project Area. These funds are subject to the

amount of projects and incremental tax revenues generated and the City's willingness to fund proposed projects on a project-by-project basis.



**TABLE 1 - ESTIMATED REDEVELOPMENT PROJECT COSTS**

<b><u>Program/Action/Improvements</u></b>	<b><u>Estimated Costs</u></b>
Assemblage of Sites	\$ 7,000,000
Interest Costs	\$ 6,000,000
Job Training	\$ 5,500,000
Planning, Legal, Professional, Administration	\$ 1,000,000
Public Improvements	\$20,500,000 (1)
Rehabilitation of Structures	\$ 3,000,000
Site Preparation/Environmental/Remediation/Demolition	\$11,000,000
Relocation Costs	\$ 1,000,000
<b>TOTAL REDEVELOPMENT PROJECT COSTS*</b>	<b>\$55,000,000(2)(3)</b>

\*Exclusive of capitalized interest, issuance costs and other financing costs.

(1) This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Project Area. As permitted by the Act, the City may pay, or reimburse all, or a portion of the Board of Education's and the Park District's capital costs resulting from the Redevelopment project pursuant to a written agreement by the City accepting and approving such costs.

(2) In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected and may be made by the City without amendment to the Plan. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

(3) The estimated Total Redevelopment Project Costs amount does not include private redevelopment costs or costs financed from non-TIF public resources. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated only by a public right-of-way, that are permitted under the Act to be paid from incremental property taxes generated in the Redevelopment Project Area, but do not include project costs incurred in the Redevelopment Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated only by a public right-of-way.

#### **D. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS**

Funds necessary to pay for Redevelopment Project Costs are to be derived principally from tax increment revenues and proceeds of municipal obligations, which are secured principally by tax increment revenues created under the Act. There may be other sources of funds that the City may elect to use to pay for Redevelopment Project Costs or other obligations issued to pay for

such costs. These sources include, but are not limited to, state and federal grants, developer contributions and land disposition proceeds generated from the Redevelopment Project Area. The tax increment revenue that may be used to secure municipal obligations or pay for eligible Redevelopment Project Costs shall be the incremental real property tax revenue. Incremental real property tax revenue is attributable to the increase in the current EAV of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the certified EAV base of each such property in the Redevelopment Project Area. Without the adoption of the Plan and the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed.

The Redevelopment Project Area may, in the future, be contiguous to, or be separated only by a public right-of-way from, other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Redevelopment Project Area made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Redevelopment Project Area, shall not at any time exceed the total redevelopment Project Costs described in the Plan. In addition, if the Redevelopment Project Area is contiguous to, or separated only by a public right-of-way from, one or more redevelopment project areas created under the Industrial Jobs Recovery Law (the "Law"), 65 ILCS 5/11-74.6-1, et seq. (1996 State Bar Edition), as amended (an "IJRL Project Area"), the City may utilize revenues received from such IJRL Project Area(s) to pay eligible redevelopment project costs or obligations issued to pay such costs in the Redevelopment Project Area, and vice versa. Such revenues may be transferred outright from or loaned by the IJRL Project Area to the Redevelopment Project Area, and vice versa. The amount of revenue from the Redevelopment Project Area made available to support any contiguous redevelopment project areas, or those redevelopment project areas separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan. This paragraph is intended to give the City the full benefit of the "portability" provisions set forth in the Act, 65 ILCS 5/11-74.4-4(q) and the Law, 65 ILCS 5/11-74.6-15(s).

#### **E. ISSUANCE OF OBLIGATIONS**

To finance Redevelopment Project Costs, the City may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the Redevelopment Project Area, or the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, the City may pledge toward payment of such obligations any part or any combination of the following: 1) net revenues of all or part of any redevelopment project; 2) taxes levied and

collected on any or all property in the City; and 3) a mortgage on part or all of the Redevelopment Project Area.

All obligations issued by the City pursuant to this Plan and the Act shall be retired within 23 years (by the year 2022) from the adoption of the ordinance approving the Redevelopment Project Area. Also, the final maturity date of any such obligations, which are issued, may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

Tax increment revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and Redevelopment Project Costs, and to the extent that real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act

#### **F. MOST RECENT EQUALIZED ASSESSED VALUATION OF PROPERTIES IN THE REDEVELOPMENT PROJECT AREA**

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Redevelopment Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Redevelopment Project Area. The total 1997 EAV of all taxable parcels in the Redevelopment Project Area is \$15,623,532. This total EAV amount, by PIN, is summarized in Table 2. The EAV is subject to verification by the Cook County Clerk. If the 1998 EAV shall become available prior to the date of the adoption of the Plan by the City Council, the City may update the Plan by replacing the 1997 EAV with the 1998 EAV without further City Council action. After verification by the County Clerk of Cook County, this amount will serve as the Certified Base EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by the County. The 1997 EAV of the Redevelopment Project Area is summarized by permanent index number (PIN) in Table 2 - 1997 EAV of this Plan.

#### **G. ANTICIPATED EQUALIZED ASSESSED VALUATION**

By the year 2005, when it is estimated that the Redevelopment Project, based on currently known information, will be completed and fully assessed, the estimated EAV of real property within the Redevelopment Project Area is estimated at between \$22,000,000 and \$26,000,000.

These estimates are based on several key assumptions, including: 1) all currently projected development will be completed by 2005, 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Project; 3) the most recent State Multiplier of 2.1489 as applied to 1997 assessed values will remain unchanged; 4) for the duration of the Redevelopment Project Area, the tax rate for the entire area is assumed to be the same and will remain unchanged from the 1997 level; and 5) growth from reassessments of existing properties in the Redevelopment Project Area will be at a rate of 2.5% per year with a reassessment every three years. Although development in the Redevelopment Project Area may occur after 2005, it is not possible to estimate with accuracy the effect of such future development on the EAV for the Redevelopment Project Area. In addition, as described in Section N of the Plan, "Phasing and Scheduling of Redevelopment," public improvements and the expenditure of Redevelopment Project Costs may be necessary in furtherance of the Plan throughout the 23-year period that the Plan is in effect.

#### **H. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE**

As described in Section IV - Blighted Area Conditions, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. The Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. Continued existence of the factors referenced above and the lack of new development projects initiated or completed within the Redevelopment Project Area evidence the lack of private investment.

The lack of growth and investment by the private sector is supported by the trend in the EAV of all the property in the Redevelopment Project Area. The EAV for all property in the City increased from \$28,661,954,119 in 1993 to \$35,893,677,135 in 1997, a total of 25.23% or an average of 6.31% per year. Over the last four years, from 1993 to 1997, the Redevelopment Project Area has experienced an overall EAV *increase* of 7.57% from \$14,523,821 in 1993 to \$15,623,532 in 1997, an average *increase* of 1.89% per year.

A summary of the building permit requests for new construction and major renovation in the Redevelopment Project Area is found in Exhibit 2 - Building Permit Requests. Building permit requests for new construction and renovation for the Redevelopment Project Area from July 1993 - July 1998 totaled \$642,818.

It is clear from the study of this Redevelopment Project Area that private investment in revitalization and redevelopment has not occurred to overcome the Blighted Area conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Plan.

## **I. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT**

Without the adoption of this Plan and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that the Blighted Area conditions will continue and are likely to spread, and the surrounding area will become less attractive for the maintenance and improvement of existing buildings and sites. The possible erosion of the assessed value of property, which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment, could lead to a reduction of real estate tax revenue to all taxing districts. If successful, the implementation of the Plan may enhance the values of properties within and adjacent to the Redevelopment Project Area.

Subsections A, B, & C of Section V of this Plan describe the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged with various developments taking place over a period of years. If the Redevelopment Project is successful, various new private projects will be undertaken that will assist in alleviating the blighting conditions which caused the Redevelopment Project Area to qualify as a Blighted Area under the Act, creating new jobs and promoting development in the Redevelopment Project Area.

The Redevelopment Project is expected to have minor financial impacts on the taxing districts affected by the Plan. During the period when tax increment financing is utilized in furtherance of this Plan, real estate tax increment revenues (from the increases in EAV over and above the Certified Base EAV established at the time of adoption of this Plan) will be used to pay eligible redevelopment project costs for the Redevelopment Project Area. Incremental revenues will not be available to these taxing districts during this period. When the Redevelopment Project Area is no longer in place, the real estate tax revenues will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

## **J. DEMAND ON TAXING DISTRICT SERVICES**

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education District 299; Chicago School Finance Authority; Chicago Park District; Chicago Community College District 508; Metropolitan Water Reclamation District of Greater Chicago; County of Cook; and Cook County Forest Preserve District.

The proposed Redevelopment Plan and Project involves the rehabilitation of existing residential and commercial buildings and the construction of new residential and commercial developments. Currently there is only one school in the Redevelopment Project Area, the Ray Graham Training Center, a special education high school. A coordinated planning effort will be developed with the Chicago Board of Education as development occurs within the area to accommodate any

new residents (see Map 5). Therefore, as discussed below, the financial burden of the Redevelopment Plan and Project on taxing districts is expected to be moderate

In addition to the major taxing districts summarized above, the City of Chicago Library Fund has taxing jurisdiction over part or all of the Redevelopment Project Area. The City of Chicago Library Fund (formerly a separate taxing district from the City) no longer extends taxing levies but continues to exist for the purpose of receiving delinquent taxes.

**IMPACT OF THE REDEVELOPMENT PROJECT**

The replacement of vacant and underutilized properties with residential and commercial development may increase the demand for services and/or capital improvements to be provided by the Chicago Board of Education, the Metropolitan Water Reclamation District, the Chicago Park District and the City. The estimated nature of these increased demands for services on these taxing districts are described below

Chicago Board of Education. The residential rehabilitation may increase demand for the educational services and the number of schools provided by the Chicago Board of Education. The only school in the Redevelopment Project Area, the Ray Graham Training Center, is a special education high school. The City will monitor residential development, with the cooperation of the Chicago Board of Education, to ensure that any increase in demand for services will be addressed.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of vacant and underutilized properties should not substantially increase the demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

Chicago Park District. The replacement of vacant and underutilized properties with new development may increase the need for additional parks. The City intends to monitor development with the cooperation of the Chicago Park District to ensure that any increase in the demand for services will be adequately addressed.

City of Chicago. The replacement of vacant and underutilized properties may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc. It is expected that any increase in demand for the City services and programs maintained and operated by the City can be adequately addressed by the appropriate City departments.

## **K. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS**

As described in detail in prior sections of this Plan, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty and the demand for services provided by the affected taxing districts cannot be quantified. As a result, the City has not developed, at present, a specific plan to address the impact of the Redevelopment Project on taxing districts.

As indicated in Section V, subsection C and Table 1, Estimated Redevelopment Project Costs, the City may provide public improvements and facilities to service the Redevelopment Project Area. Potential public improvements and facilities provided by the City may mitigate some of the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Project

In 1994, the Act was amended to require an assessment of any financial impact of the Redevelopment Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Redevelopment Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

## **L. PROVISION FOR AMENDING ACTION PLAN**

The 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Project may be amended pursuant to the provisions of the Act.

## **M. FAIR EMPLOYMENT PRACTICES, AFFIRMATIVE ACTION PLAN AND PREVAILING WAGE AGREEMENT**

The City is committed to and will affirmatively implement the following principles with respect to the Redevelopment Project Area.

1. The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Project, including but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc , without regard to race, color, religion, sex, age, handicapped status, national origin, creed, or ancestry.
2. Redevelopers must meet City's standards for participation of 25% Minority Business Enterprise and 5% Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in Redevelopment Agreements.

- 3 This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities
4. Redevelopers must meet City standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

The City shall have the right in its sole discretion to exempt certain small businesses and developers from items two and four above.

#### **N. PHASING AND SCHEDULING OF REDEVELOPMENT**

A phased implementation strategy will be used to achieve a timely and orderly redevelopment of the Redevelopment Project Area. It is expected that over the 23 years that this Plan is in effect for the Redevelopment Project Area, numerous public/private improvements and developments can be expected to take place. The specific time frame and financial investment will be staged in a timely manner. Development within the Redevelopment Project Area intended to be used for housing and commercial purposes will be staged consistently with the funding and construction of infrastructure improvements, and private sector interest in new industrial facilities. City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The estimated completion date of the Redevelopment Project shall be no later than 23 years from the adoption of the ordinance by the City Council approving the Redevelopment Project Area.



## APPENDIX

**TABLE 1 - ESTIMATED REDEVELOPMENT PROJECT COSTS**

<u>Program/ Action/Improvements</u>	<u>Estimated Costs</u>
Assemblage of Sites	\$ 7,000,000
Interest Costs	\$ 6,000,000
Job Training	\$ 5,500,000
Planning, Legal, Professional, Administration	\$ 1,000,000
Public Improvements	\$20,500,000 (1)
Rehabilitation of Structures	\$ 3,000,000
Site Preparation/Environmental Remediation/Demolition	\$11,000,000
Relocation Costs	\$ 1,000,000
<b>TOTAL REDEVELOPMENT PROJECT COSTS*</b>	<b>\$55,000,000(2)(3)</b>

\*Exclusive of capitalized interest, issuance costs and other financing costs

(1) This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Project Area. As permitted by the Act, the City may pay, or reimburse all, or a portion of the Board of Education's and the Park District's capital costs resulting from the Redevelopment project pursuant to a written agreement by the City accepting and approving such costs.

(2) In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected and may be made by the City without amendment to the Plan. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs

(3) The estimated Total Redevelopment Project Costs amount does not include private redevelopment costs or costs financed from non-TIF public resources. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated only by a public right-of-way, that are permitted under the Act to be paid from incremental property taxes generated in the Redevelopment Project Area, but do not include project costs incurred in the Redevelopment Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated only by a public right-of-way.

**TABLE 2 - 1997 EQUALIZED ASSESSED VALUATION**

PERMANENT INDEX EAV		
NUMBER		
1	17 21 416 005	Exempt
2	17 21 417 006	Exempt
3	17 21 417 017	Exempt
4	17 21 417 018	Exempt
5	17 21 417 019	Exempt
6	17 21 418 013	Exempt
7	17 21 418 015	Exempt
8	17 21 418 029	Exempt
9	17 21 418 030	Exempt
10	17 21 418 032	Exempt
11	17 21 419 003	Exempt
12	17 21 419 005	Exempt
13	17 21 419 006	Exempt
14	17 21 419 007	Exempt
15	17 21 420 021	\$32,698
16	17 21 420 022	\$16,572
17	17 21 420 023	\$4,835
18	17 21 420 024	\$28,701
19	17 21 420 031	\$50,218
20	17 21 420 044	\$32,079
21	17 21 420 057	\$219
22	17 21 420 059	\$25,239
23	17 21 420 063	\$37,782
24	17 21 420 064	\$31,469
25	17 21 421 028	\$11,933
26	17 21 421 029	\$25,383
27	17 21 421 030	\$16,871
28	17 21 422 010	Exempt
29	17 21 422 011	\$41,996
30	17 21 423 018	Exempt
31	17 21 423 019	Exempt
32	17 21 423 020	\$215,412
33	17 21 424 002	Exempt
34	17 21 424 007	Exempt
35	17 21 424 011	Exempt
36	17 21 424 018	Exempt
37	17 21 424 019	Exempt
38	17 21 424 020	Exempt

PERMANENT INDEX EAV		
NUMBER		
39	17 21 424 021	Exempt
40	17 21 424 022	Exempt
41	17 21 424 023	Exempt
42	17 21 425 019	Exempt
43	17 21 425 024	Exempt
44	17 21 425 028	Exempt
45	17 21 425 031	Exempt
46	17 21 425 032	Exempt
47	17 21 425 033	Exempt
48	17 21 425 034	Exempt
49	17 21 425 035	Exempt
50	17 21 425 036	Exempt
51	17 21 425 037	Exempt
52	17 21 505 018	Exempt
53	17 21 505 020	Exempt
54	17 21 505 025	Exempt
55	17 21 505 026	Exempt
56	17 27 100 006	\$130,372
57	17 27 100 009	\$9,593
58	17 27 100 010	\$9,593
59	17 27 100 011	\$96,004
60	17 27 100 012	\$93,305
61	17 27 100 013	\$3,258
62	17 27 100 016	Exempt
63	17 27 101 021	\$163,198
64	17 27 101 022	\$230,824
65	17 27 101 023	\$84,306
66	17 27 101 024	\$59,335
67	17 27 101 025	\$118,252
68	17 27 101 026	\$20,997
69	17 27 101 027	\$20,258
70	17 27 102 002	\$188,820
71	17 27 102 003	\$185,665
72	17 27 102 004	\$192,170
73	17 27 102 005	\$76,817
74	17 27 102 006	\$76,817
75	17 27 102 007	\$41,497
76	17 27 102 008	\$17,851
77	17 27 102 009	\$17,851

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78	17 27 102 010	\$207,291
79	17 27 102 011	\$166,447
80	17 27 102 012	\$286,483
81	17 27 102 013	\$140,110
82	17 27 102 023	\$221,685
83	17 27 102 025	\$465,671
84	17 27 102 026	\$144,548
85	17 27 103 003	\$34,529
86	17 27 103 004	\$13,048
87	17 27 103 005	\$11,514
88	17 27 103 006	\$16,605
89	17 27 104 013	\$93,608
90	17 27 104 014	\$13,811
91	17 27 104 015	\$37,836
92	17 27 104 016	\$36,203
93	17 27 104 017	\$35,483
94	17 27 104 018	\$30,508
95	17 27 104 025	\$54,634
96	17 27 108 001	Exempt
97	17 27 108 002	Exempt
98	17 27 108 003	Exempt
99	17 27 108 004	\$12,543
100	17 27 108 005	\$198,784
101	17 27 108 006	\$23,223
102	17 27 108 007	\$10,351
103	17 27 108 008	\$10,351
104	17 27 108 009	\$10,351
105	17 27 108 010	\$10,351
106	17 27 108 011	\$10,351
107	17 27 108 012	\$10,145
108	17 27 108 013	Exempt
109	17 27 108 016	\$30,661
110	17 27 108 017	\$30,661
111	17 27 108 018	\$83,003
112	17 27 108 026	\$115,063
113	17 27 108 027	\$63,979
114	17 27 108 028	\$15,979
115	17 27 108 029	\$15,979
116	17 27 108 030	\$15,979
117	17 27 108 031	\$28,937
118	17 27 108 032	\$18,928
119	17 27 108 034	\$231,600
120	17 27 108 035	Exempt
121	17 27 108 036	Exempt
122	17 27 108 037	Exempt
123	17 27 108 038	\$57,419
124	17 27 108 039	\$27,742

125	17 27 109 001	\$358,512
126	17 27 109 005	\$398,952
127	17 27 109 006	\$77,842
128	17 27 109 007	\$63,339
129	17 27 109 008	\$32,362
130	17 27 109 009	\$18,622
131	17 27 109 010	\$54,732
132	17 27 109 011	\$193,397
133	17 27 109 012	\$19,059
134	17 27 109 013	\$15,231
135	17 27 109 014	\$8,080
136	17 27 109 015	\$141,862
137	17 27 109 018	Exempt
138	17 27 109 019	\$257,614
139	17 27 109 023	Exempt
140	17 27 109 024	Exempt
141	17 27 110 001	\$234,598
142	17 27 110 002	\$59,067
143	17 27 110 003	\$47,201
144	17 27 110 004	\$81,806
145	17 27 110 008	\$46,103
146	17 27 110 009	\$108,616
147	17 27 110 010	\$57,395
148	17 27 110 011	\$108,197
149	17 27 110 012	\$97,878
150	17 27 110 013	\$242,882
151	17 27 110 014	\$208,443
152	17 27 110 015	\$207,229
153	17 27 110 016	\$16,787
154	17 27 110 017	\$31,909
155	17 27 110 018	\$139,386
156	17 27 110 019	\$69,459
157	17 27 110 020	\$64,736
158	17 27 110 021	\$117,536
159	17 27 110 022	\$35,180
160	17 27 110 023	\$37,376
161	17 27 110 024	\$61,772
162	17 27 110 025	\$125,240
163	17 27 110 026	\$212,793
164	17 27 110 027	\$41,364
165	17 27 110 028	\$41,038
166	17 27 110 029	\$13,529
167	17 27 110 030	\$97,416
168	17 27 110 032	\$45,116
169	17 27 110 033	\$57,397
170	17 27 111 003	\$38,966
171	17 27 111 004	\$41,083
172	17 27 111 005	\$44,749

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173	17 27 111 006	\$33,136
174	17 27 111 007	\$89,179
175	17 27 111 008	\$40,949
176	17 27 111 009	\$22,890
177	17 27 111 011	\$25,312
178	17 27 111 012	\$146,460
179	17 27 111 013	\$97,459
180	17 27 111 014	\$107,645
181	17 27 111 015	\$30,673
182	17 27 111 016	\$38,740
183	17 27 111 020	\$18,201
184	17 27 111 021	\$26,356
185	17 27 111 022	\$1,057,884
186	17 27 115 001	\$5,776
187	17 27 115 002	\$2,407
188	17 27 115 003	\$2,407
189	17 27 115 004	\$3,382
190	17 27 115 005	\$7,100
191	17 27 115 006	\$30,897
192	17 27 115 007	\$72,981
193	17 27 115 008	\$72,981
194	17 27 115 009	\$7,106
195	17 27 115 010	\$3,552
196	17 27 115 011	\$3,552
197	17 27 115 012	Exempt
198	17 27 115 013	Exempt
199	17 27 115 014	Exempt
200	17 27 115 015	Exempt
201	17 27 115 016	\$39,791
202	17 27 115 017	\$38,472
203	17 27 115 018	\$35,693
204	17 27 115 019	\$27,815
205	17 27 115 020	\$17,844
206	17 27 115 021	\$17,844
207	17 27 115 022	\$24,351
208	17 27 115 023	\$144,453
209	17 27 115 025	Exempt
210	17 27 115 026	Exempt
211	17 27 115 032	Exempt
212	17 27 115 033	Exempt
213	17 27 115 034	\$150,789
214	17 27 115 035	Exempt
215	17 27 116 001	Exempt
216	17 27 116 002	\$91,891
217	17 27 116 006	\$53,149
218	17 27 116 008	\$226
219	17 27 116 009	\$37,223

220	17 27 116 010	\$92,450
221	17 27 116 011	\$113,945
222	17 27 116 012	Exempt
223	17 27 116 018	\$205,400
224	17 27 116 019	\$135,228
225	17 27 116 022	\$105,023
226	17 27 116 023	\$117,685
227	17 27 116 026	Exempt
228	17 27 116 036	\$1,734
229	17 27 116 037	\$100,188
230	17 27 116 041	Exempt
231	17 27 116 043	\$32,448
232	17 27 117 001	\$227,837
233	17 27 117 002	\$56,628
234	17 27 117 003	\$116,814
235	17 27 117 004	\$88,363
236	17 27 117 005	\$53,626
237	17 27 117 006	Exempt
238	17 27 117 015	\$14,355
239	17 27 117 016	\$13,813
240	17 27 117 017	\$47,123
241	17 27 117 018	\$15,070
242	17 27 117 019	\$11,922
243	17 27 117 022	Exempt
244	17 27 117 023	Exempt
245	17 27 117 024	Exempt
246	17 27 117 029	Exempt
247	17 27 117 030	Exempt
248	17 27 117 031	\$52,463
249	17 27 117 032	Exempt
250	17 27 117 034	Exempt
251	17 27 117 035	\$13,895
252	17 27 118 001	\$14,333
253	17 27 118 002	\$6,900
254	17 27 118 003	\$5,308
255	17 27 118 004	\$12,107
256	17 27 118 005	\$57,687
257	17 27 118 006	\$37,172
258	17 27 118 007	\$10,637
259	17 27 118 008	\$59,133
260	17 27 118 009	\$93,931
261	17 27 118 016	\$19,875
262	17 27 118 017	\$19,875
263	17 27 118 020	\$107,888
264	17 27 118 021	\$56,172
265	17 27 118 022	\$39,795
266	17 27 118 023	\$30,048
267	17 27 118 034	\$106,551

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268	17 27 118 040	\$44,768
269	17 27 118 041	Exempt
270	17 27 500 004	Exempt
271	17 27 500 006	Exempt
272	17 27 500 007	Exempt
273	17 27 500 008	Exempt
274	17 27 500 009	Exempt
275	17 27 500 010	Exempt
276	17 27 500 011	Exempt
277	17 27 500 012	Exempt
278	17 28 204 004	Exempt
279	17 28 205 001	\$28,606
280	17 28 206 001	Exempt
281	17 28 206 002	Exempt
282	17 28 206 003	Exempt
283	17 28 206 004	Exempt
284	17 28 206 042	Exempt
285	17 28 206 043	Exempt
286	17 28 206 044	Exempt
287	17 28 206 045	Exempt
288	17 28 206 046	Exempt
289	17 28 207 012	Exempt
290	17 28 207 033	Exempt
291	17 28 207 034	Exempt
292	17 28 207 035	Exempt
293	17 28 207 036	Exempt
294	17 28 216 003	\$51,408
295	17 28 217 033	Exempt
296	17 28 217 034	Exempt
297	17 28 217 035	Exempt
298	17 28 217 036	Exempt
299	17 28 218 028	Exempt
300	17 28 218 029	Exempt
301	17 28 218 030	Exempt
302	17 28 225 004	RR
303	17 28 226 001	\$460,049
304	17 28 226 003	\$7,446
305	17 28 226 005	\$101,834
306	17 28 226 007	\$9,348
307	17 28 226 008	Exempt
308	17 28 226 009	Exempt
309	17 28 226 010	\$10,549
310	17 28 227 001	Exempt
311	17 28 227 002	Exempt
312	17 28 227 003	Exempt
313	17 28 227 004	Exempt
314	17 28 227 005	Exempt

315	17 28 227 008	Exempt
316	17 28 227 009	Exempt
317	17 28 502 002	RR
318	17 28 502 003	RR
	Total	\$15,623,532

## EXHIBIT 1 - LEGAL DESCRIPTION

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14 EAST, THAT PART OF THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST, THAT PART OF THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14 EAST AND THAT PART OF THE NORTHWEST QUARTER OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF WEST CULLERTON STREET AND THE WESTERLY RIGHT-OF-WAY LINE OF SOUTH STATE STREET, THENCE SOUTHERLY ON SAID WESTERLY RIGHT-OF-WAY LINE OF SOUTH STATE STREET TO THE SOUTHERLY LINE EXTENDED WESTERLY OF BLOCK 7 IN CANAL TRUSTEE'S SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF RECORDED SEPTEMBER 4, 1848 (ANTE FIRE) AND RE-RECORDED SEPTEMBER 24, 1877 AS DOCUMENT 151615 IN COOK COUNTY, ILLINOIS, THENCE EASTERLY ON SAID WESTERLY EXTENSION TO THE EASTERLY RIGHT-OF-WAY LINE OF SOUTH STATE STREET; THENCE SOUTHERLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF SAID SOUTH STATE STREET TO THE NORTHERLY LINE OF THE SOUTH 100 FEET OF THE WEST 111.75 FEET OF BLOCK 20 IN CANAL TRUSTEE'S SUBDIVISION OF THE WEST HALF OF SAID SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED SEPTEMBER 4, 1848 AND RE-RECORDED SEPTEMBER 24, 1877 AS DOCUMENT #15615 IN COOK COUNTY, ILLINOIS; THENCE EASTERLY ON THE NORTH LINE TO THE WESTERLY RIGHT-OF-WAY LINE OF THE CTA, THENCE NORTHERLY ON SAID WESTERLY RIGHT-OF-WAY LINE TO THE SOUTH LINE OF BLOCK 7 IN SAID CANAL TRUSTEE'S SUBDIVISION, THENCE EASTERLY ON SAID SOUTHERLY LINE TO THE WEST LINE OF THE EAST 197.4 FEET OF SAID BLOCK 7; THENCE NORTHERLY ON SAID WEST LINE TO THE NORTH LINE OF THE SOUTH 112.83 FEET OF SAID EAST 197 4 FEET; THENCE EASTERLY ON SAID NORTH LINE AND NORTH LINE EXTENDED EASTERLY TO THE CENTERLINE OF SOUTH WABASH AVENUE, THENCE SOUTHERLY ON SAID CENTERLINE TO THE WESTERLY EXTENSION OF THE SOUTHERLY LINE OF BLOCK 8 IN SAID CANAL TRUSTEE'S SUBDIVISION; THENCE EASTERLY ON SAID WESTERLY EXTENSION OF SAID SOUTHERLY LINE, THE SOUTHERLY LINE AND THE EASTERLY EXTENSION OF SAID LINE TO THE EASTERLY RIGHT-OF-WAY LINE OF SOUTH MICHIGAN AVENUE; THENCE NORTHERLY ON SAID EASTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY LINE OF LOT 4 IN THE ASSESSOR'S DIVISION OF THE WEST PART OF BLOCK 4 OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE NORTH 185 FEET OF BLOCK 40 IN CANAL TRUSTEE'S SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS; THENCE EASTERLY ALONG SAID SOUTHERLY LINE OF LOT 4 TO THE EASTERLY LINE OF THE NORTH AND SOUTH ALLEY ADJOINING SAID LOT 4, THENCE NORTHERLY ON SAID EAST ALLEY LINE TO THE SOUTHERLY LINE OF 22<sup>ND</sup> STREET (CERMAK ROAD) AS WIDENED; THENCE EASTERLY ON SAID SOUTHERLY LINE TO THE EASTERLY RIGHT-OF-WAY LINE OF SAID INDIANA AVENUE; THENCE SOUTHERLY ON SAID EASTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY LINE OF LOT 10 IN THE SUBDIVISION OF BLOCK 17 IN SAID CANAL TRUSTEE'S SUBDIVISION OF THE WEST HALF OF SECTION 27, THENCE EASTERLY ON SAID EXTENSION AND SAID LINE TO THE NORTHEASTERLY RIGHT-OF-WAY LINE OF COTTAGE GROVE AVENUE; THENCE NORTHWESTERLY ON SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO THE WESTERLY LINE OF LOT 7 IN GOULD'S SUBDIVISION OF BLOCK 3 IN SAID CANAL TRUSTEE'S SUBDIVISION, THENCE NORTHERLY ON SAID WESTERLY LINE OF LOT 7 AND THE WESTERLY LINE EXTENDED NORTHERLY TO THE NORTHERLY LINE OF AN EAST AND WEST ALLEY, THENCE EASTERLY ON SAID NORTHERLY LINE OF THE ALLEY TO THE WEST RIGHT-OF-WAY LINE OF SOUTH PRAIRIE AVENUE (SAID POINT ALSO BEING THE SOUTHEAST CORNER OF LOT 6 IN HALE'S SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 3 IN SAID CANAL TRUSTEE'S SUBDIVISION, THENCE SOUTHERLY ON SAID WEST RIGHT-OF-WAY LINE OF SOUTH PRAIRIE AVENUE TO AN INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH LINE OF AN EAST

AND WEST ALLEY, SAID LINE ALSO BEING THE SOUTHERLY LINE OF LOTS 1 TO 11, BOTH INCLUSIVE IN THE ASSESSOR'S DIVISION OF BLOCKS 2, 12 AND 15 (EXCEPT THE EAST HALF OF THE SOUTH 120 FEET OF BLOCK 15) IN SAID CANAL TRUSTEE'S SUBDIVISION, THENCE EASTERLY ALONG SAID NORTHERLY LINE OF THE EAST AND WEST ALLEY EXTENDED WESTERLY TO THE EASTERLY RIGHT-OF-WAY LINE OF SOUTH PRAIRIE AVENUE, THENCE SOUTHERLY ON SAID EASTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY RIGHT-OF-WAY LINE OF EAST 24<sup>TH</sup> PLACE, THENCE WESTERLY ON SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE NORTHERLY LINE OF ADLAI E. STEVENSON EXPRESSWAY; THENCE WESTERLY, SOUTHWESTERLY, AND NORTHWESTERLY ON SAID NORTHERLY RIGHT-OF-WAY LINE OF THE EXPRESSWAY TO THE EASTERLY RIGHT-OF-WAY LINE OF THE NEW YORK CENTRAL RAILROAD RIGHT-OF-WAY, THENCE NORTHERLY ON SAID EASTERLY RIGHT-OF-WAY TO THE SOUTHERLY RIGHT-OF-WAY LINE OF 22<sup>ND</sup> STREET (CERMAK ROAD); THENCE WESTERLY ON SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE WESTERLY RIGHT-OF-WAY LINE OF SAID NEW YORK CENTRAL RAILROAD; THENCE SOUTHERLY ON SAID WESTERLY RAILROAD RIGHT-OF-WAY TO THE SOUTHERLY RIGHT-OF-WAY LINE OF 23<sup>RD</sup> STREET, THENCE WESTERLY ON SAID SOUTHERLY RIGHT-OF-WAY LINE OF 23<sup>RD</sup> STREET TO THE WESTERLY RIGHT-OF-WAY LINE OF LASALLE STREET, THENCE NORTHERLY ON SAID WESTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY RIGHT-OF-WAY LINE OF 22<sup>ND</sup> STREET (CERMAK ROAD), THENCE WESTERLY ON SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE CENTERLINE OF WENTWORTH AVENUE, THENCE NORTHERLY ON SAID CENTERLINE TO THE SOUTHEASTERLY EXTENSION OF A NORTHWEST AND SOUTHEAST ALLEY; THENCE NORTHWESTERLY ON SAID SOUTHEASTERLY EXTENSION, THE SOUTHEASTERLY LINE AND NORTHWESTERLY EXTENSION TO THE NORTHWESTERLY RIGHT-OF-WAY LINE OF ARCHER AVENUE; THENCE NORTHEASTERLY ON SAID NORTHWESTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY RIGHT-OF-WAY LINE OF WEST CULLERTON STREET; THENCE EASTERLY ON SAID SOUTHERLY LINE TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS

Legal Description prepared on April 1, 1999 by  
Manhard Consulting, Ltd.  
900 Woodlands Parkway  
Vernon Hills, Illinois 60061  
(847) 634-5550  
2004-1.WPD



## EXHIBIT 2 - BUILDING PERMIT REQUESTS

### NEW CONSTRUCTION/INVESTMENT PERMITS

	Permit #	Date	Address	Investment
1	843075	3/24/97	60 E 23rd Street	\$12,000
2	778967	12/1/93	234 E 24th Street	\$39,300
3	779910	12/22/93	44 W 24th Street	\$117,854
4	812549	10/6/95	2419 S Indiana Avenue	\$50,000
5	777896	11/4/93	2328 S Michigan Avenue	\$11,000
6	797121	12/2/94	2420 S Prairie Avenue	\$300,000
7	772242	7/16/93	2350 S State Street	\$112,664
			<b>TOTAL (7 permits)</b>	<b>\$642,818</b>

### DEMOLITION PERMITS

Permit #	Date	Address	Amount
846670	05/15/98	234 E 23rd Street	\$18,300
816184	12/14/95	53 W 24th Street	\$0
96000799	02/21/96	2406 S Indiana Avenue	\$0
		<b>Total (3 permits)</b>	<b>\$18,300</b>

**EXHIBIT 3 - PROPERTIES TO BE ACQUIRED**

- |                   |                   |
|-------------------|-------------------|
| 1. 17 27 100 006  | 15. 17 27 115 007 |
| 2. 17 27 108 001  | 16. 17 27 115 008 |
| 3. 17 27 108 002  | 17. 17 27 115 009 |
| 4. 17 27 108 003  | 18. 17 27 115 010 |
| 5. 17 27 108 004  | 19. 17 27 115 011 |
| 6. 17 27 108 013  | 20. 17 27 115 012 |
| 7. 17 27 108 034  | 21. 17 27 115 013 |
| 8. 17 27 108 038  | 22. 17 27 115 014 |
| 9. 17 27 108 039  | 23. 17 27 115 015 |
| 10. 17 27 115 001 | 24. 17 27 115 016 |
| 11. 17 27 115 002 | 25. 17 27 115 017 |
| 12. 17 27 115 003 | 26. 17 27 115 018 |
| 13. 17 27 115 004 | 27. 17 28 205 001 |
| 14. 17 27 115 005 | 28. 17 28 216 003 |

**EXHIBIT 5 - ELIGIBILITY STUDY**

**CITY OF CHICAGO**

**24TH/MICHIGAN**

**TAX INCREMENT FINANCE PROGRAM**

**ELIGIBILITY STUDY**

**CITY OF CHICAGO  
RICHARD M. DALEY  
MAYOR**

**APRIL 1999**

**PREPARED BY  
LOUIK/SCHNEIDER & ASSOCIATES, INC.  
ERNEST R. SAWYER ENTERPRISES, INC.  
NOITAM, INC.**

**ELIGIBILITY STUDY**  
**24TH/MICHIGAN**  
**TAX INCREMENT FINANCE PROGRAM**

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## I. INTRODUCTION

Louik/Schneider and Associates, Inc. has been retained by the City of Chicago (the "City") to conduct an independent initial study and survey of the proposed redevelopment area known as the 24<sup>th</sup>/Michigan Area, Chicago, Illinois (the "Study Area"). The purpose of the study is to determine whether the 35 blocks in the Study Area qualify for designation as a "Blighted Area" for the purpose of establishing a tax increment financing district, pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the "Act"). This report summarizes the analyses and findings of the consultants' work, which is the responsibility of Louik/Schneider and Associates, Inc., and Ernest Sawyer Enterprises, Inc. Louik/Schneider & Associates, Inc. has prepared this report with the understanding that the City would rely 1) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and 2) on the fact that Louik/Schneider & Associates, Inc. has obtained the necessary information to conclude that the Study Area can be designated as a redevelopment project area in compliance with the Act

Following this introduction, Section II presents background information of the Study Area including the area location, description of current conditions and site history. Section III explains the Building Condition Assessment and documents the qualifications of the Study Area as a Blighted Area under the Act. Section IV, Summary and Conclusions, presents the findings

Myron D. Louik, John P. Schneider, Tricia Marino Ruffolo, Sandy Plisic and Luke Molloy of Louik/Schneider & Associates, Inc. jointly prepared this report.

## II. BACKGROUND INFORMATION

### A. LOCATION

The 24th/Michigan Study Area (hereafter referred to as the "Study Area") is located on the south side of the City, approximately two miles from the central business district. The Study Area is approximately 119 acres and includes 35 (full and partial) blocks. The Study Area is generally bounded by Cullerton Street on the north, the Stevenson Expressway on the south, Prairie Avenue on the east, Wentworth Avenue, and the Metra Northwest Illinois Rail Corp. on the west. The boundaries of the Study Area are shown on Map 1, *Project Boundary*.

### B. DESCRIPTION OF CURRENT CONDITIONS

The Study Area consists of 35 (full and partial) blocks and 318 parcels. Much of the Study Area is in need of redevelopment, rehabilitation and revitalization and is characterized by:

- vacant parcels and vacant buildings;
- deteriorated buildings and site improvements,
- inadequate infrastructure;
- outside truck storage and;
- other deteriorating characteristics.

Additionally, a lack of growth and investment by the private sector is evidenced by 1) the lack of building permit requests for the Study Area in terms of number and dollar amounts, and 2) the overall increase of equalized assessed valuation ("EAV") of the property in the Study Area from 1993 to 1997. Specifically:

- Exhibit 1 - Building Permit Requests contains a summary of the building permit requests for new construction and major renovation in the Study Area. Building permit requests for new construction and renovation for the Study Area from 1993-1998 totaled \$642,818. Additionally, there were three demolition permits issued during the same period.
- The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (EAV) of all the property in the Study Area. The EAV for the City of Chicago as a whole, increased from \$28,661,954,119 in 1993 to \$35,893,677,135 in 1997, a total of 25.23% or an average of 6.31% per year. Over the last four years, from 1993 to 1997, the Study Area has experienced an overall EAV increase of 7.57%, from \$14,523,821 in 1993 to \$15,623,532 in 1997, an average increase of 1.89% per year

It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the Blighted Area conditions that currently exist. The Study Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of the Redevelopment Plan and Project.

### **C. EXISTING LAND USE**

The land uses in the Study Area are residential, commercial, industrial and institutional. The Study Area is comprised of corridors that primarily parallel the existing zoning. Each of the corridors run from Cermak Road, the northern boundary of the Study Area, to the Stevenson Expressway on the south.

- At the northwest end of the Study Area at Wentworth and Archer Avenues in the Chinatown community are a food store, a parking lot, the "L" tracks and a vacant parcel.
- Immediately east of the rail line to State Street are two Chicago Housing Authority Complexes. The Hilliard Homes are north of Cermak Road and the Ickes Homes are south. On the east side of State Street, there are six commercial buildings of which two are occupied, one is a grocery store the other is a liquor store.
- Continuing east between the "L" tracks, there are a variety of commercial businesses (Aramark, Costello Glass, Mid South Supply and Quality Truck Parts), a special education high school (the Ray Graham Training Center) and the Quinn Chapel. There are also two vacant lots.
- Along Michigan Avenue, the major businesses include City Chevrolet, Aramark, the Chicago Defender and Celebrity Ford. There are also smaller commercial users, the Clique Nightclub, a drive-through Burger King, and a parking lot. The majority of the buildings have one or two stories.
- The car dealerships continue from Michigan Avenue to Indiana Avenue. In addition, there are multi-story buildings that house additional commercial businesses.

From Indiana Avenue east to the end of the Study Area, there are eight multi-story buildings and three single-story structures. There are six parking lots and two lots used for outside truck storage. The major businesses in this section include Brinks and Morgan Services.



### III. QUALIFICATION AS BLIGHTED AREA

#### A. ILLINOIS TAX INCREMENT ACT

The Act authorizes Illinois municipalities to redevelop locally designated deteriorated areas through tax increment financing. In order for an area to qualify as a tax increment financing district, it must first be designated as a Blighted Area, a Conservation Area (or a combination of the two), or an Industrial Park.

As set forth in the Act, a "Blighted Area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health morals or welfare, because of a combination of five or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance ; or lack of community planning. The Act also states that "all factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise," and will not be developed without action by the City.

On the basis of this approach, the Study Area will be considered eligible for designation as a Blighted Area within the requirements of the Act.

#### B. SURVEY, ANALYSIS AND DISTRIBUTION OF ELIGIBILITY FACTORS

Ernest Sawyer Enterprises, Inc conducted exterior surveys of all 318 parcels located within the Study Area. An analysis was made of each of the Blighted Area eligibility factors contained in the Act to determine their presence in the Study Area. This exterior survey examined not only the condition and use of buildings but also included conditions of streets, sidewalks, curbs, gutters, lighting, vacant land, underutilized land, parking facilities, landscaping, fences and walls, and general maintenance. In addition, an analysis was conducted of existing site coverage and parking, land uses, zoning and their relationship to the surrounding area.

A block-by-block analysis of the 35 blocks was conducted to identify the eligibility factors (see Exhibit 3-Distribution of Criteria Matrix). Each of the factors is present to a varying degree. The following three levels are identified:

- **Not present** - indicates that either the condition did not exist or that no evidence could be found or documented during the survey or analyses.
- **Limited extent** - indicates that the condition did exist, but its distribution was only found in a small percentage of parcels and or blocks.

- **Present to a minor extent** - indicates that the condition did exist, and the condition was substantial in distribution or impact.
- **Present to a major extent** - indicates that the condition did exist and was present throughout the area (block-by-block basis) and was at a level to influence the Study Area as well as adjacent and nearby parcels of property.

### **C. BUILDING EVALUATION PROCEDURE**

This section will identify how the buildings within the Study Area are evaluated.

#### **HOW BUILDING COMPONENTS AND IMPROVEMENTS ARE EVALUATED**

During the field survey, all components of and improvements to the subject buildings were examined to determine whether they were in sound condition or had minor, major or critical defects. These examinations were completed to determine whether conditions existed to evidence the presence of any of the following related factors: dilapidation, deterioration or depreciation of physical maintenance.

Building components and improvements examined were of two types:

##### **PRIMARY STRUCTURAL COMPONENTS**

These include the basic elements of any building or improvement including foundation walls, load bearing walls and columns, roof and roof structure.

##### **SECONDARY COMPONENTS**

These are components generally added to the primary structural components and are necessary parts of the building and improvements, including porches and steps, windows and window units, doors and door units, facades, chimneys, and gutters and downspouts.

Each primary and secondary component and improvement was evaluated separately as a basis for determining the overall condition of the building and surrounding area. This evaluation considered the relative importance of specific components within the building and the effect that deficiencies in components and improvements have on the remainder of the building.

Once the buildings are evaluated, they are classified as identified in the following section.

### **BUILDING COMPONENT AND IMPROVEMENT CLASSIFICATIONS**

The four categories used in classifying building components and improvements and the criteria used in evaluating structural deficiencies are described as follows:

**1. SOUND**

Building components and improvements which contain no defects, are adequately maintained, and require no treatment outside of normal ongoing maintenance.

**2. REQUIRING MINOR REPAIR – DEPRECIATION OF PHYSICAL MAINTENANCE**

Building components and improvements which contain defects (loose or missing material or holes and cracks over a limited area) which often may be corrected through the course of normal maintenance. Minor defects have no real effect on either primary or secondary components and improvements and the correction of such defects may be accomplished by the owner or occupants, such as pointing masonry joints over a limited area or replacement of less complicated components and improvements. Minor defects are not considered in rating a building as structurally substandard

**3. REQUIRING MAJOR REPAIR – DETERIORATION**

Building components and improvements which contain major defects over a widespread area and would be difficult to correct through normal maintenance. Buildings and improvements in this category would require replacement or rebuilding of components and improvements by people skilled in the building trades.

**4. CRITICAL – DILAPIDATED**

Building components and improvements which contain major defects (bowing, sagging, or settling of any or all exterior components, for example) causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area so extensive that the cost of repair would be excessive.

### **D. BLIGHTED AREA ELIGIBILITY FACTORS**

A finding may be made that the Study Area is a Blighted Area based on the fact that the area exhibits the presence of five (5) or more of the blighted area eligibility factors described above in Section III, Paragraph A. This section examines each of the Blighted Area eligibility factors.

## 1. AGE

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems are a function of time, temperature and moisture, structures that are 35 years or older typically exhibit more problems than more recently constructed buildings.

### CONCLUSION

Age is **present to a major extent** in the Study Area. Age is present in 82 of the 92 (89.1%) buildings and in 21 of the 35 blocks in the Study Area. It is present to a major extent in 20 of the 35 blocks and present to a minor extent in 1 block. The results of the age analysis are presented in Map 3.

## 2. DILAPIDATION

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In July of 1998, an exterior survey was conducted of all the structures and the condition of each of the buildings in the Study Area. The analysis of building dilapidation is based on the survey methodology and criteria described in the preceding section on "How Building Components and Improvements are Evaluated."

Based on exterior building surveys, it was determined that many buildings are dilapidated and exhibit major structural problems making them structurally substandard. These buildings are all in an advanced state of disrepair. Major masonry wall work is required where water and lack of maintenance have allowed buildings to incur structural damage. Cracked foundations and missing structural elements were found in particular in the back of the buildings. Since wood elements require the most maintenance of all exterior materials, these are the ones showing the greatest signs of deterioration.

### CONCLUSION

Dilapidation is **present to a minor extent** in the Study Area. Dilapidation is present in 14 of the 92 (15.2%) buildings and in 4 of the 35 blocks. Dilapidation is present to a minor extent in four blocks. The results of the dilapidation analysis are presented in Map 4.

## 3. OBSOLESCENCE

Webster's New Collegiate Dictionary defines "obsolescence" as "being out of use; obsolete." "Obsolete" is further defined as "no longer in use; disused" or "of a type or fashion no longer current." These definitions are helpful in describing the general obsolescence of buildings or site improvements in the proposed Study Area. In making findings with respect to buildings and improvements, it is important to distinguish between *functional obsolescence* which relates to the physical utility of a structure, and *economic obsolescence* which relates to a property's ability to compete in the marketplace

- **Functional Obsolescence**

Structures historically have been built for specific uses or purposes. The design, location, height and space arrangements are intended for a specific occupancy at a given time. Buildings and improvements become obsolete when they contain characteristics or deficiencies which limit the use and marketability of such buildings and improvements after the original use ceases. The characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor design or layout, the improper orientation of the building on its site, etc., which detract from the overall usefulness or desirability of a property.

- **ECONOMIC OBSOLESCENCE**

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values. Typically, buildings classified as dilapidated and buildings that contain vacant space are characterized by problem conditions which may not be economically curable, resulting in net rental losses and/or depreciation in market value.

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc.

Obsolescence, as a factor, should be based upon the documented presence and reasonable distribution of buildings and site improvements evidencing such obsolescence.

#### **OBSOLETE BUILDING TYPES**

Obsolete buildings contain characteristics or deficiencies which limit their long-term sound use or reuse for the purpose for which they were built. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse effect on nearby and surrounding developments and detract from the physical, functional and economic vitality of the area. These structures are characterized by conditions indicating the structure is incapable of efficient or economic use according to contemporary standards. They contain:

- An inefficient exterior configuration of the structure, including insufficient width and small size.
- Small size commercial parcels which are inadequate for contemporary design and development.
- Inadequate access for contemporary systems of delivery and service, including both exterior building access and interior vertical systems.

- Multi-story building with large floor plan

The Study Area has a number of commercial properties found to be obsolete. Many of the structures throughout the Study Area are vacant and dilapidated. The configuration of many of the parcels only allow for trucks to load off of the street and/or across the sidewalk. This situation creates traffic congestion and forces pedestrians to walk in the street

#### **OBSOLETE PLATTING**

Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted within the Study Area blocks. Many of the blocks in the Study Area have smaller and/or irregular sized parcels. These parcels are not suitable for development for modern commercial users. Examples of these parcels are found in the eastern portion of the Study Area between the east side of State Street and the west side of Wabash Avenue and between the east side of Michigan Avenue and the west side of Indiana Avenue.

#### **OBSOLETE SITE IMPROVEMENTS**

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc.

Throughout the Study Area, there are obsolete site improvements. Internal streets and alleys are inadequate in terms of condition with deteriorated or no curbs/ gutters. The alleys between Indiana and Michigan Avenues and between Michigan and Wabash Avenues are cobblestone and in poor condition. Additionally, sidewalks and curbs along 23rd Street (except on the south side between Michigan and Wabash Avenues) and east of Michigan Avenue along 24th Street are in extremely poor condition or are non-existent.

#### **CONCLUSION**

Obsolescence is **present to a major extent** in the Study Area. Obsolescence is present in 132 of the 318 (41.5%) parcels and in 21 of the 35 blocks. It is present to a major extent in 20 of the 35 blocks and present to a minor extent in 1 block. The results of the obsolescence analysis are presented in Map 5.

#### **4. DETERIORATION**

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring major treatment or repair.

- Deterioration, which is not easily correctable and cannot be repaired in the course of normal maintenance may be evident in buildings. Such buildings and improvements may be classified as requiring major or many minor repairs, depending upon the degree or extent of defects. This would include buildings with defects in the

secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.) and defects in primary building components (e.g., foundations, frames, roofs, etc.) respectively

- All buildings and site improvements classified as dilapidated are also deteriorated.

#### **DETERIORATION OF BUILDINGS**

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "How Building Components and Improvements Are Evaluated " Of the 92 buildings in the Study Area, 58 (63%) buildings are deteriorated.

The deteriorated buildings in the Study Area exhibit defects in both their primary and secondary components. For example, the primary components exhibiting defects include walls, roofs and foundations with loose or missing materials (mortar, shingles), and holes and/or cracks in these components. The defects of secondary components include damage to windows, doors, stairs and/or porches; missing or cracked tuckpointing and/or masonry on the facade, chimneys, and surfaces; missing parapets, gutters and/or downspouts; foundation cracks or settling; and other missing structural components.

Deteriorated structures exist throughout the Study Area due to the combination of their age and advanced state of disrepair. The need for masonry repairs and tuckpointing is predominant, closely followed by deteriorating doors, facades, and secondary elements in the buildings. The entire Study Area contains deteriorated buildings and most of the parcels with buildings are impacted by such deterioration.

#### **DETERIORATION OF PARKING AND SURFACE AREAS**

Field surveys were also conducted to identify the condition of parcels without structures, of which 10 of the 318 (3.1%) parcels with no buildings were classified as deteriorated. These parcels are characterized by uneven surfaces with insufficient gravel, vegetation growing through the parking surface, depressions and standing water, absence of curbs or guardrails, falling or broken fences and extensive debris.

#### **CONCLUSION**

Deterioration is *present to a major extent* in the Study Area. Deterioration is present in 58 of the 92 (63%) buildings, in 93 of the 318 (29.2%) parcels and in 15 of the 35 blocks. It is found to be present to a major extent in 14 of the 35 blocks and present to a minor extent in one block. The results of the deterioration analysis are presented in Map 6.

#### **5. ILLEGAL USE OF INDIVIDUAL STRUCTURES**

Illegal use of individual structures refers to the presence of uses or activities which are not permitted by law.

## CONCLUSION

A review of the Chicago Zoning Ordinance indicates that there are no illegal uses of the structures or improvements in the Study Area.

## 6. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS

Structures below minimum code standards include all structures which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are; 1) to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; 2) to make buildings safe for occupancy against fire and similar hazards; and 3) to establish minimum standards essential for safe and sanitary habitation.

From January 1992 through July 1998, 52 of the 92 (56.5%) buildings have been cited for building code violations by the City Department of Buildings (see - Exhibit 2 - Building Code Violations).

## CONCLUSION

Structures below minimum code standards are *present to a minor extent*. Structures below minimum code standards have been identified in 3 of the 92 (3.3%) buildings for 1998. Over the last seven years, 52 of the 92 (56.5%) buildings in the Study Area have been cited for building code violations.

## 7. EXCESSIVE VACANCIES

Excessive vacancy refers to buildings which are unoccupied or underutilized and exert an adverse influence on the area because of the frequency, duration or extent of vacancy. Excessive vacancies include improved properties which evidence no apparent effort directed toward their occupancy or underutilization. Excessive vacancies occur in varying degrees throughout the Study Area. A building is considered to have excessive vacancies if at least 50% of the building is vacant or underutilized. There are vacancies in residential and commercial buildings. 18 of the 92 (19.6%) buildings in the Study Area are vacant or partially vacant (over 50%).

## CONCLUSION

Excessive vacancies are *present to a minor extent* in the Study Area. Excessive vacancies can be found in 18 of the 92 (19.6%) buildings and 10 of the 35 blocks. Excessive vacancies are present to a major extent in 5 of the 35 blocks and to a minor extent in 5 blocks. The results of the excessive vacancies analysis are presented in Map 7.

## 8. OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES

Overcrowding of structures and community facilities refers to utilization of public or private buildings, facilities, or properties beyond their reasonable or legally permitted capacity. Over-



crowding is frequently found in buildings and improvements originally designed for a specific use and later converted to accommodate a more intensive use of activities without adequate provision for minimum floor area requirements, privacy, ingress and egress, loading and services, capacity of building systems, etc.

#### **CONCLUSION**

Based on exterior surveys and analyses undertaken within the Study Area, there is no evidence of overcrowding of structures and community facilities

#### **9. LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES**

Lack of ventilation, light or sanitary facilities refers to substandard conditions which adversely affect the health and welfare of building occupants, e.g., residents, employees or visitors. Typical requirements for ventilation, light and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in spaces/rooms without windows, e.g., bathrooms, and dust, odor or smoke-producing activity areas;
- Adequate natural light and ventilation by means of skylights or windows or interior rooms/spaces, and proper window sizes and adequate room-area to window-area ratios;
- Adequate sanitary facilities, e.g., garbage storage/enclosure, bathroom facilities, hot water, and kitchens.

#### **CONCLUSION**

Based on the exterior surveys and analyses undertaken within the Study Area, lack of ventilation, light or sanitary facilities was not found.

#### **10. INADEQUATE UTILITIES**

Inadequate utilities refer to deficiencies in the capacity or condition of the infrastructure which services a property or area, including, but not limited to, storm drainage, water supply, electrical power, streets, sanitary sewers, gas and electricity.

#### **CONCLUSION**

Based on the exterior surveys and analyses undertaken, inadequate utilities were not found in the Study Area.

#### **11. EXCESSIVE LAND COVERAGE**

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety. The resulting inadequate

conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions have an adverse or blighting effect on nearby development.

Excessive land coverage occurs in 56 of the 92 (61%) buildings in the Study Area. Along Michigan Avenue primarily on the east side, the majority of the commercial buildings have been built from property line to property line, leaving no area for parking, open space or other amenities. These buildings cover virtually the entire parcel, leaving an inadequate amount of space for off-street loading of residents, employees and/or customers.

#### **CONCLUSION**

Excessive land coverage is **present to a major extent** in the Study Area. Excessive land coverage is present in 56 of the 92 (61%) buildings and in 81 of the 318 (25.5%) parcels and in 16 of the 35 blocks. It can be found to a major extent in 14 blocks and to a minor extent in 2 blocks. The results of the excessive land coverage analysis are presented in Map 8

#### **12. DELETERIOUS LAND USE OR LAYOUT**

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive or environmentally unsuitable. It also includes residential uses, which front on or are located near heavily traveled streets, thus causing susceptibility to noise, fumes and glare. Deleterious layout includes evidence of improper or obsolete platting of land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of poor layout of buildings on parcels and in relation to other buildings.

In the Study Area, deleterious land use or layout is identified in 107 of the 318 (33.6%) parcels, including the 61% parcels discussed in item 11 above, exhibiting excessive land coverage with insufficient room for parking and/or loading.

#### **CONCLUSION**

Deleterious land use and layout is **present to a major extent** in the Study Area. Deleterious land use and layout is present in 107 of the 318 (33.6%) parcels and in 19 of the 35 blocks. Deleterious land use and layout is present to a major extent in 14 blocks and to a minor extent in 5 blocks. The results of the deleterious land use and layout analysis are presented in Map 9.

#### **13. DEPRECIATION OF PHYSICAL MAINTENANCE**

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures. The analysis of depreciation of physical maintenance is based on

survey methodology and criteria described in the preceding section "How Building Components and Improvements Are Evaluated."

The entire Study Area is affected by lack of physical maintenance. Of the 318 parcels in the Study Area, 249 (78.3%) parcels, representing buildings, parking/storage areas and vacant land, evidence the presence of this factor.

The majority of the buildings that evidence depreciation of physical maintenance exhibit problems including unpainted or unfinished surfaces, peeling paint, loose or missing materials, broken windows, loose or missing gutters or downspouts, loose or missing shingles, overgrown vegetation and general lack of maintenance, etc. There are 80 of the 92 (87%) buildings in the Study Area that are affected by depreciation of physical maintenance. Accumulation of trash and debris, broken fences as well as overgrown vegetation are commonplace examples of the depreciation that exists in the vacant and parking lots throughout the Redevelopment Project Area.

#### **CONCLUSION**

Depreciation of physical maintenance is ***present to a major extent*** in the Study Area. Depreciation of physical maintenance is present in 80 of the 92 (87%) buildings, 253 of the 318 (80%) parcels and in 34 of the 35 blocks. Depreciation of physical maintenance is present to a major extent in all 34 blocks. The results of the depreciation of physical maintenance analysis are presented in Map 10.

#### **14. LACK OF COMMUNITY PLANNING**

Lack of community planning may be a factor if the proposed redevelopment area was developed prior to or without the benefit of a community plan. This finding may be amplified by other evidence which shows the deleterious results of the lack of community planning, including adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

The following studies address community plans for the Study Area:

- *Attracting Business in the 21st Century, Metropolitan Pier and Exposition Authority Managing McCormick Place and Navy Pier*
- *Mid-South Strategic Development Plan*
- *The Near South: A Blueprint for Redevelopment, January 1992*
- *Planning Principles for Chicago's Central Area*
- *Report on McCormick Place Expansion, June 1990*

Therefore, lack of community planning was not found to be present in the Study Area.

#### **CONCLUSION**

Lack of community planning is not present in the Study Area.

**SUMMARY**

Nine blighted area eligibility criteria are present in varying degrees throughout the Study Area. Six factors are present to a major extent and three are present to a minor extent. The blighted area eligibility factors that have been identified in the Study Area are as follows:

**Major extent**

- age
- obsolescence
- deterioration
- depreciation of physical maintenance
- excessive land coverage
- deleterious land use or layout

**Minor Extent**

- dilapidation
- structures below minimum code
- excessive vacancies

#### **IV. SUMMARY AND CONCLUSION**

The conclusion of the consultant team is that the number, degree and distribution of Blighted Area eligibility factors as documented in this report warrant the designation of the Study Area as a Blighted Area as set forth in the Act. Specifically:

- Of the 14 eligibility factors for a Blighted Area set forth in the Act, six are present to a major extent and three are present to a minor extent in the Study Area and only five are necessary for designation as a Blighted Area.
- The Blighted Area eligibility factors, which are present, are reasonably distributed throughout the Study Area.

The eligibility findings indicate that the Study Area contains factors, which qualify it as a Blighted Area in need of revitalization and that designation, as a redevelopment project area will contribute to the long-term well being of the City. The distribution of blighted area eligibility factors throughout the Study Area must be reasonable so that a basically good area is not arbitrarily found to be a Blighted Area simply because of its proximity to an area with blighted area eligibility factors.

Additional research indicates that the Study Area on the whole has not been subject to growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically

- Exhibit 1 - Building Permit Requests, contains a summary of the building permit requests for new construction and major renovation from the City of Chicago. There were seven building permit requests for new construction and renovation totaling \$642,818. Additionally, there were 3 demolition permits issued during the same period.
- The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (EAV) of all the property in the Study Area. The EAV for the City of Chicago, increased from \$28,661,954,119 in 1993 to \$35,893,677,135 in 1997, a total of 25.23% or an average of 6.31% per year. Over the last four years, from 1993 to 1997, the Study Area has experienced an overall EAV increase of 7.57% from \$14,523,821 in 1993 to \$15,623,532 in 1997, an average increase of 1.89% per year.

The conclusions presented in this report are those of the consulting team. The local governing body should review this report and, if satisfied with the summary of findings contained herein, adopt a resolution that the Study Area qualifies as a Blighted Area and make this report a part of the public record. The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the conditions and use of the Study Area,
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land uses to current zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies and data;
7. Analysis of building permits from July 1993 - July 1998 and building code violations from July 1993 - July 1998 requested from the Department of Buildings for all parcels in the Study Area; and
8. Evaluation of the EAV's in the Study Area from 1993 to 1997.

The study and survey of the Study Area indicate that requirements necessary for designation as a Blighted Area are present

Therefore, the Study Area is qualified as a Blighted Area to be designated as a redevelopment project area and eligible for Tax Increment Financing under the Act (see Exhibit 4 - Matrix of Blighted Factors).

**APPENDIX**

**EXHIBIT 1 - BUILDING PERMIT REQUESTS**

**NEW CONSTRUCTION/INVESTMENT PERMITS**

	Permit #	Date	Address	Investment
1	843075	3/24/97	60 E 23rd Street	\$12,000
2	778967	12/1/93	234 E 24th Street	\$39,300
3	779910	12/22/93	44 W 24th Street	\$117,854
4	812549	10/6/95	2419 S Indiana Avenue	\$50,000
5	777896	11/4/93	2328 S Michigan Avenue	\$11,000
6	797121	12/2/94	2420 S Prairie Avenue	\$300,000
7	772242	7/16/93	2350 S State Street	\$112,664
			<b>TOTAL (7 permits)</b>	<b>\$642,818</b>

**DEMOLITION PERMITS**

Permit #	Date	Address	Amount
846670	05/15/98	234 E 23rd Street	\$18,300
816184	12/14/95	53 W 24th Street	\$0
96000799	02/21/96	2406 S Indiana Avenue	\$0
		<b>Total (3 permits)</b>	<b>\$18,300</b>



**EXHIBIT 2 – BUILDING CODE VIOLATIONS**

- |                             |                           |
|-----------------------------|---------------------------|
| 1. 30 W Cermak Road         | 28 2250 S State Street    |
| 2 47 W Cermak Road          | 29 2259 S State Street    |
| 3 2031 S Clark Street       | 30. 2310 S State Street   |
| 4 2111 S. Clark Street      | 31 2320 S. State Street   |
| 5. 2233 S. Federal Street   | 32. 2330 S State Street   |
| 6. 2323 S Federal Street    | 33. 2350 S State Street   |
| 7. 2300 S Indiana Avenue    | 34. 2420 S. State Street  |
| 8 2326 S Indiana Avenue     | 35. 2430 S State Street   |
| 9. 2338 S Indiana Avenue    | 36 2441 S. State Street   |
| 10. 2400 S. Indiana Avenue  | 37. 2450 S. State Street  |
| 11. 2301 S. Michigan Avenue | 38 2232 S. Wabash Avenue  |
| 12. 2309 S. Michigan Avenue | 39. 2241 S. Wabash Avenue |
| 13. 2315 S. Michigan Avenue | 40 2247 S. Wabash Avenue  |
| 14. 2318 S Michigan Avenue  | 41. 2311 S Wabash Avenue  |
| 15. 2325 S Michigan Avenue  | 42. 2334 S. Wabash Avenue |
| 16. 2328 S. Michigan Avenue | 43 2347 S. Wabash Avenue  |
| 17. 2334 S. Michigan Avenue | 44. 2401 S Wabash Avenue  |
| 18 2335 S. Michigan Avenue  | 45. 2417 S. Wabash Avenue |
| 19 2337 S. Michigan Avenue  | 46 15 E. 23rd Street      |
| 20. 2347 S. Michigan Avenue | 47 60 E. 23rd Street      |
| 21 2400 S Michigan Avenue   | 48 9 E. 24th Street       |
| 22. 2412 S Michigan Avenue  | 49 18 E. 24th Street      |
| 23 2415 S. Michigan Avenue  | 50 57 E. 24th Street      |
| 24. 2416 S Michigan Avenue  | 51 43 W 24th Street       |
| 25. 2420 S. Michigan Avenue | 52. 44 W. 24th Street     |
| 26. 2030 S. State Street    |                           |
| 27. 2222 S. State Street    |                           |

**Total: 52**

**EXHIBIT 3 - DISTRIBUTION OF CRITERIA MATRIX**

BLOCK	1	2	3	4	5	6	7	8	9	10	11	12	13	14
17 21 204													X	
17 21 416													X	
17 21 417													X	
17 21 418	X		X	X			X				X		X	
17 21 419	X		X	X			X				X		X	
17 21 420			X	X							X	X	X	
17 21 421													X	
17 21 422			X									X	X	
17 21 423													X	
17 21 424	X		X	X			X				X	X	X	
17 21 425	P		P				P				P	P	X	
17 21 505														
17 27 100	X	P	X	X					X		X	X	X	
17 27 101	X		X	X							X	P	X	
17 27 102	X	P	X	X			P				X	X	X	
17 27 103													X	
17 27 104	X		X	X							X	X	X	
17 27 108	X		X	X			P				X	X	X	
17 27 109	X		X	P							X	P	X	
17 27 110	X	P	X	X			X				X	X	X	

**Key**

- X Present to a Major Extent
- P Present
- Not Present

**Criteria**

- 1 AGE
- 2 DILAPIDATION
- 3 OBSOLESCENCE
- 4 DETERIORATION
- 5 ILLEGAL USE OF INDIVIDUAL STRUCTURES
- 6 PRESENCE OF STRUCTURES BELOW MINIMUM CODE
- 7 EXCESSIVE VACANCIES
- 8 OVERCROWDING
- 9 LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES
- 10 INADEQUATE UTILITIES
- 11 EXCESSIVE LAND COVERAGE
- 12 DELETERIOUS LAND USE OR LAYOUT
- 13 DEPRECIATION OF PHYSICAL MAINTENANCE
- 14 LACK OF COMMUNITY PLANNING

**EXHIBIT 3 - DISTRIBUTION OF CRITERIA MATRIX (CONT. PAGE 2)**

BLOCK	1	2	3	4	5	6	7	8	9	10	11	12	13	14
17 27 111	X		X	X			P				X	X	X	
17 27 115	X		X	X			P		P		P	X	X	
17 27 116	X		X	X			X				X	X	X	
17 27 117	X		X	X							X	X	X	
17 27 118	X	P	X									P	X	
17 27 500													X	
17 28 205													X	
17 28 206	X												X	
17 28 207	X												X	
17 28 216			X									X	X	
17 28 217	X											P	X	
17 28 218	X												X	
17 28 225			X										X	
17 28 226			X									X	X	
17 28 227	X												X	

**Key**

- X Present to a Major Extent
- P Present
- Not Present

**Criteria**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1 AGE</li> <li>2 DILAPIDATION</li> <li>3 OBSOLESCENCE</li> <li>4 DETERIORATION</li> <li>5 ILLEGAL USE OF INDIVIDUAL STRUCTURES</li> <li>6 PRESENCE OF STRUCTURES BELOW MINIMUM CODE</li> <li>7 EXCESSIVE VACANCIES</li> </ul> | <ul style="list-style-type: none"> <li>8 OVERCROWDING</li> <li>9 LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES</li> <li>10 INADEQUATE UTILITIES</li> <li>11 EXCESSIVE LAND COVERAGE</li> <li>12 DELETERIOUS LAND USE OR LAYOUT</li> <li>13 DEPRECIATION OF PHYSICAL MAINTENANCE</li> <li>14 LACK OF COMMUNITY PLANNING</li> </ul> |
|--|---|

**EXHIBIT 4 - MATRIX OF BLIGHTED FACTORS**

<b>A. Block Number</b>	<b>17 21 204</b>	<b>17 21 416</b>	<b>17 21 417</b>	<b>17 21 418</b>	<b>17 21 419</b>	<b>17 21 420</b>	<b>17 21 421</b>	<b>17 21 422</b>
<b>B. Number of Buildings</b>	1	0	0	1	1	1	0	0
<b>C. Number of Parcels</b>	1	1	4	5	4	5	3	2
1 Number of buildings 35 years or older	0	0	0	1	1	0	0	0
2. A. Number of buildings showing decline of physical maintenance	0	0	0	1	1	1	0	0
2. B Number of parcels exhibiting decline of physical maintenance	1	1	4	5	4	5	3	2
3. A Number of deteriorated buildings	0	0	0	1	1	1	0	0
3. B. Number of parcels that are deteriorated	0	0	0	4	2	1	0	0
4. Number of dilapidated buildings	0	0	0	0	0	0	0	0
5. A Number of obsolete buildings	0	0	0	1	0	1	0	0
5. B. Number of parcels that are obsolete	0	0	0	4	1	1	0	2
6. Number of buildings below minimum code	0	0	1	0	1	0	0	0
7. Number of buildings lacking ventilation, light, or sanitation facilities	0	0	0	0	0	0	0	0
8 Number of buildings with illegal uses	0	0	0	0	0	0	0	0
9. Number of buildings with excessive vacancies	0	0	0	1	0	0	0	0
10. Total number of eligibility factors represented in block	1	1	1	6	6	5	1	3

**MATRIX OF BLIGHTED FACTORS**  
 (CONTINUED PAGE 2)

<b>A. Block Number</b>	<b>17 21 423</b>	<b>17 21 424</b>	<b>17 21 425</b>	<b>17 21 505</b>	<b>17 27 100</b>	<b>17 27 101</b>	<b>17 27 102</b>	<b>17 27 103</b>	<b>17 27 104</b>
<b>B. Number of Buildings</b>	1	1	0	0	2	6	9	0	1
<b>C. Number of Parcels</b>	3	9	10	4	5	7	13	4	7
1. Number of buildings 35 years or older	0	1	0	0	2	5	9	0	1
2 A Number of buildings showing decline of physical maintenance	1	1	0	0	2	5	8	0	1
2. B. Number of parcels exhibiting decline of physical maintenance	3	9	10	0	5	6	9	4	7
3 A. Number of deteriorated buildings	0	1	0	0	2	4	8	0	1
3. B Number of parcels that are deteriorated	0	5	1	0	2	4	10	0	5
4. Number of dilapidated buildings	0	0	0	0	1	0	3	0	0
5. A. Number of obsolete buildings	0	1	0	0	2	6	8	0	1
5. B. Number of parcels that are obsolete	0	5	1	0	2	7	10	0	4
6. Number of buildings below minimum code	1	0	1	0	2	3	0	0	0
7. Number of buildings lacking ventilation, light, or sanitation facilities	0	0	0	0	1	1	1	0	0
8 Number of buildings with illegal uses	0	0	0	0	0	0	0	0	0
9. Number of buildings with excessive vacancies	0	1	0	0	0	0	2	0	0
10. Total number of eligibility factors represented in block	1	7	6	0	8	6	8	6	6

**MATRIX OF BLIGHTED FACTORS**  
 (CONTINUED PAGE 3)

A. Block Number	17 27 108	17 27 109	17 27 110	17 27 111	17 27 115	17 27 116	17 27 117	17 27 118	17 27 500
B. Number of Buildings	7	4	19	4	5	8	5	3	0
C. Number of Parcels	26	16	29	16	26	17	21	17	10
1. Number of buildings 35 years or older	7	3	18	3	5	7	5	2	0
2. A. Number of buildings showing decline of physical maintenance	6	2	18	2	5	6	5	3	0
2. B. Number of parcels exhibiting decline of physical maintenance	17	6	27	13	23	10	14	15	10
3. A. Number of deteriorated buildings	7	1	13	2	4	4	5	2	0
3 B. Number of parcels that are deteriorated	7	3	14	11	7	6	6	4	0
4. Number of dilapidated buildings	0	0	4	0	0	0	1	1	0
5. A. Number of obsolete buildings	7	2	15	2	4	6	5	2	0
5. B. Number of parcels that are obsolete	7	6	23	9	7	10	8	4	0
6. Number of buildings below minimum code	5	5	13	0	2	7	2	0	0
7. Number of buildings lacking ventilation, light, or sanitation facilities	1	0	0	0	3	0	0	0	0
8. Number of buildings with illegal uses	0	0	0	0	0	0	0	0	0
9. Number of buildings with excessive vacancies	3	0	3	1	2	3	0	1	0
10. Total number of eligibility factors represented in block	7	6	8	7	8	7	6	5	1

**MATRIX OF BLIGHTED FACTORS**  
 (CONTINUED PAGE 4)

A. Block Number	17 28 205	17 28 206	17 28 207	17 28 216	17 28 217	17 28 218	17 28 225	17 28 226	17 28 227
<b>B. Number of Buildings</b>	0	2	2	0	3	3	0	0	3
<b>C. Number of Parcels</b>	1	9	5	1	4	3	1	7	7
1. Number of buildings 35 years or older	0	1	2	0	3	3	0	0	3
2. A. Number of buildings showing decline of physical maintenance	0	2	2	0	2	3	0	0	3
2. B. Number of parcels exhibiting decline of physical maintenance	1	9	4	1	3	3	1	7	7
3 A Number of deteriorated buildings	0	0	0	0	1	0	0	0	0
3. B Number of parcels that are deteriorated	0	0	0	0	1	0	0	0	0
4 Number of dilapidated buildings	0	0	0	0	0	0	0	0	0
5. A. Number of obsolete buildings	0	0	0	0	1	0	0	0	0
5 B. Number of parcels that are obsolete	0	0	0	1	1	0	1	7	0
6. Number of buildings below minimum code	0	1	4	0	1	5	0	1	4
7. Number of buildings lacking ventilation, light, or sanitation facilities	0	0	0	0	0	0	0	0	0
8. Number of buildings with illegal uses	0	0	0	0	0	0	0	0	0
9 Number of buildings with excessive vacancies	0	0	0	0	0	0	0	0	0
10. Total number of eligibility factors represented in block	1	2	2	3	3	2	2	3	2

**EXHIBIT 5 - MAP LEGEND**

MAP 1	PROJECT BOUNDARY
MAP 2	EXISTING LAND USE
MAP 3	AGE
MAP 4	DILAPIDATION
MAP 5	OBSOLESCENCE
MAP 6	DETERIORATION
MAP 7	EXCESSIVE VACANCIES
MAP 8	EXCESSIVE LAND COVERAGE
MAP 9	DELETERIOUS LAND USE/LAYOUT
MAP 10	DEPRECIATION OF PHYSICAL MAINTENANCE



**EXHIBIT D**

**LAW, RULES, AND REGULATIONS  
APPLICABLE TO THE BOARD**

Bid Policies  
Construction Conditions  
Code of Ethics

## CHAPTER V

### ADMINISTRATIVE AND FINANCIAL POLICIES

**Sec. 5-1. Fiscal and School Year.** The fiscal year of the Board of Education shall commence on the first day of July of each year. (Amended 08-15-79; 07-31-91; 03-28-01)

**Sec. 5-2. Office Hours.** The general offices of the Board of Education shall be open on Monday through Friday each week from 8:00 o'clock A.M. to 5:00 o'clock P.M. (Holidays designated in section 5-3 excepted.) (Amended 07-31-91)

**Sec. 5-3. Holidays - Offices.** The offices of the Board of Education shall be closed on the following legal holidays: January 1 (New Year's Day); the third Monday in January (the birthday of Dr. Martin Luther King, Jr.); February 12 (Lincoln's birthday); the third Monday in February (Presidents' Day); the first Monday of March (the birthday of Casimir Pulaski); the last Monday in May (Memorial Day); July 4 (Independence Day); the first Monday in September (Labor Day); the second Monday in October (Columbus Day); November 11 (Veteran's Day); any day appointed by the President of the United States or the Governor of the State of Illinois as a day of fast or thanksgiving; the fourth Thursday and Friday in November (Thanksgiving Day Recess); December 25 (Christmas Day); and on such other days as the President, with the approval of or ratification by the Board of Education, may direct. When any such holidays fall on Sunday, the Monday next following shall be held and considered such holiday. (Amended 10-14-70; 08-11-71; 10-25-72; 11-20-85; 07-31-91; 10-25-95; 08-28-96)

**Sec. 5-4. Bid Policy.** All contracts for supplies, materials or work involving an expenditure in excess of \$10,000.00 shall be award through the recommendations of the Chief Purchasing Officer in accord with the precepts of formal sealed competitive bids to the lowest responsible bidder considering conformity with specifications, terms of delivery, quality and serviceability after due advertisement, except as follows: contracts which by their nature are not adapted to award by competitive bidding, such as contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part; contracts for the printing or engraving of bonds, tax warrants and other evidences of indebtedness; contracts for utility services such as water, light, heat, telephone or telegraph; contracts for the purchase of perishable foods and perishable beverages, contracts for materials and work which have been awarded to the lowest responsible bidder after due advertisement, but due to unforeseen revisions, not the fault of the contractor for materials and work, must be revised causing expenditures not in excess of \$10,000 or 10% of the

contract price, whichever is less; contracts for the maintenance or servicing of, or provision of repair parts for, equipment which are made with the manufacturer or authorized service agent of that equipment where the provision of parts, maintenance, or servicing can best be performed by the manufacturer or authorized service agent; purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software, and services; contracts for duplicating machines and supplies; contracts for the purchases of natural gas when the cost is less than that offered by a public utility; purchases of equipment previously owned by some entity other than the district itself; contracts for repair, maintenance, remodeling, renovation, or construction, or a single project involving an expenditure not to exceed \$20,000 and not involving a change or increase in the size, type, or extent of an existing facility; contracts for goods or services procured from another governmental agency; contracts for goods and services which are economically procurable from only one source, such as the purchase of magazines, books, periodicals, pamphlets and reports, and except where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the Members of the Board. However, the requirements of this section shall not apply when, in the judgment of the General Superintendent of Schools or the Chief Purchasing Officer it is necessary to make repairs and alterations, and purchases of equipment and supplies as a result of an unforeseen combination of circumstances which call for immediate action as a result of fire, accident, threat to the safety, security or well being of students or staff, or other conditions and such action is necessary to protect the property of the Board of Education or the occupants of the buildings, or to prevent interference with school sessions or to protect the safety, security or well being of students and staff. Such expenditures shall be charged to the proper fund and account by the Controller and then be reported each month to the Board of Education by the General Superintendent of Schools or the Chief Purchasing Officer. (Amended 12-27-67; 09-28-79; 10-28-81; 11-19-86; 01-24-96; 06-23-99)

**Sec. 5-4.1 Request for Proposals and/or Qualifications.** All contracts in excess of \$25,000 for supplies, materials, non-personal services, personal and consulting services or other work, which are not required to be awarded through the competitive Bid Solicitation process pursuant to Board Rule 5-4, except as to emergency expenditures described thereunder and purchases for which the Chief Purchasing Officer has determined only a sole supplies exists, are subject to public solicitation and award through public canvassing of Requests for Proposals or Requests for Qualifications.

The Chief Purchasing Officer shall determine and specify circumstances and conditions where it may be in the best interest of the Board to establish a pre-qualified "pool" of responsible vendors, suppliers, consultants and contractors

through the public canvassing of Requests for Qualifications. The Chief Purchasing Officer shall further establish requirements regarding the use and/or hiring of any and all pre-qualified vendors, suppliers, consultants and/or contractors.

The public canvassing of Solicitations of Bids, Requests for Proposals and/or Qualifications for contracts and purchases shall be authorized and managed by the Chief Purchasing Officer and shall be approved as to legal form by the General Counsel prior to public canvassing. The Chief Purchasing Officer shall establish requirements regarding the publication of any and all Solicitations of Bids, Requests for Proposals and/or Qualifications for contracts and purchases. (Adopted 06-23-99; Amended 02-23-00)

**Sec. 5-5. Contract and Bond - Method of Awarding Contracts.** Contracts shall be awarded to the lowest responsible bidder upon the recommendation of the Chief Purchasing Officer. No person or business entity shall be awarded a contract if that person or business entity has been convicted of bribery or attempting to bribe a public officer or employee of the Board of Education of the City of Chicago, the State of Illinois, or any other public entity, in that officer or employee's official capacity; nor has been convicted of agreement or collusion among bidders or prospective bidders in restraint of freedom of competition by agreement to bid a fixed price, or otherwise; or has made an admission of guilt of such conduct described above which is a matter of record but has not been prosecuted for such conduct. Ineligibility under this section shall continue for three years following such conviction or admission. For purposes of this section, where an official, agent or employee of a business entity has committed such conduct described above on behalf of such an entity and pursuant to the direction or authorization of a responsible official thereof, the business entity shall be chargeable with the conduct.

**Redlined section suspended 08-28-96**

~~Unless otherwise prohibited by law, in contracts involving \$10,000.00 or more, a 2% local business preference shall be applied in determining the successful bidder. The Chief Purchasing Officer shall, in the purchase of all supplies, materials or work by competitive sealed bidding, accept the lowest bid price from a responsible local business, provided that the bid does not exceed the lowest bid price from a responsible non-local business by more than two percent (2%). A "local" business is a business authorized to do and doing business under the laws of the City of Chicago, located within the corporate limits of the City of Chicago, which has the majority of its regular, full-time work force located within the City, and which is subject to the City of Chicago taxes. Notwithstanding the 2% local business preference if the lowest responsible bidders both remain equal the successful bidder shall be determined by the bidder whose product is manufactured in Illinois. When among lowest responsible bidders two or more offer~~

~~a product manufactured in Illinois, the successful bidder shall be determined by the bidder offering a product manufactured in Chicago. When there are no bidders offering a product manufactured in Chicago, or in a locality in Illinois outside Chicago, When the bids of the lowest responsible bidders are equal, the successful bidder shall be determined by the date and time of receipt of the bid specification document in the office of the Chief Purchasing Officer. (Amended 01-24-96; 08-28-96)~~

A written contract shall be executed and, when directed by the Board of Education, a bond in an amount sufficient to insure fulfillment of such contract shall be executed by the successful bidder. Such bond to be signed by any responsible surety company approved by the Chief Fiscal Officer or designee and licensed to do business in the State of Illinois. No contract shall be deemed executed or bond accepted until its legal form has been first approved by the General Counsel. (Amended 01-24-96; 02-23-00)

A written contract executed in accordance with the Board Rules shall not be required where the purchase of merchandise is to be made in the open market, no labor is required on the Board premises, and no payment is to be made until delivery and approval of the merchandise or service. (Amended 11-15-78; 09-28-79; 01-24-96)

**Sec. 5-6. Deposits, Bid Bonds, Performance Bond.** Bid deposits shall not be required when the total of the bid proposals is \$10,000.00 or less, except when required in the discretion of the Chief Purchasing Officer. When a bid deposit shall be required, it shall be so stated in the Solicitation of Bids and Request for Proposals and/or Qualifications and the deposit shall be in a reasonable amount but not in excess of 5% of the total bid proposal. (Amended 11-18-87; 07-31-91; 01-24-96)

The deposit when required, shall be in the form of money order, United States Government bonds, certified check drawn upon some banking institution in good standing and made payable to the order of the Board of Education of the City of Chicago, or a specific bond, or a letter of credit. (Amended 01-24-96)

In lieu of submitting the deposit as herein above provided, a bidder may file with the Board of Education an annual bid bond, the amount of which shall be determined by the Chief Purchasing Officer and the form approved by the Attorney, provided, however, an annual bid bond shall not be accepted on construction work, alterations, and repairs to buildings and grounds. Such bid bond shall in no case be less than \$10,000.00, and shall cover all bid proposals submitted by such bidder during the period of the bond. (Amended 11-18-87; 07-31-91; 01-24-96)

All bid bonds shall be signed by any responsible surety company licensed to do business in the State of Illinois.

No proposal requiring a bid deposit shall be considered unless it is accompanied by the proper deposit or an approved annual bid bond is on file, as herein above provided.

All deposits accompanying a proposal except that of the successful bidder, shall be refunded or returned after the successful bidder has been determined.

A performance bond shall be required for all building construction and building repair work, annual purchases of fuel, and children's transportation services. A performance bond may, in the discretion of the Chief Purchasing Officer also be required for purchases of furniture, apparatus of equipment from one bidder totaling \$25,000.00 or more. A blanket performance bond may be filed by a contractor to cover and insure performance of contracts for installation and repair jobs of which exceed \$1,000.00 provided, however, that no such single bond shall cover more than a total of \$25,000.00 of such contracts. A performance bond shall also be required on all other purchases or contracts when specified by the Chief Purchasing Officer. In lieu of a performance bond a successful bidder may submit a cashier's check or certified check equal to the requirements of the performance bond. (Amended 07-31-91; 01-24-96)

When a performance bond is required, it shall be stated in the Solicitation of Bids and Request for Proposals and/or Qualifications and the bond required shall be in amount sufficient to insure the fulfillment of the contract of the successful bidder. Such bond shall be signed by any responsible surety company licensed to do business in the State of Illinois. (Amended 01-24-96)

The successful bidder's deposit shall be refunded or returned upon the bidder's acceptance of the purchase order and upon the execution and delivery of a performance bond if such is required. (Amended 05-13-70; 01-24-96)

In case of a failure or refusal on the part of a bidder, whose proposal has been accepted, to accept a purchase order issued pursuant thereto, or to execute a contract and performance bond when required, within 10 days from the date of written notice to do so, the deposit of the bidder so failing or refusing may be forfeited and retained by the Board of Education as liquidated damages and not as a penalty - or, when a bid bond has been furnished in lieu of a deposit, the Board of Education may take action on the bond. (Amended 05-13-70)

An unconditional and irrevocable letter of credit addressed to the Board of Education of the City of Chicago in the amount required hereunder, or by the specifications of any solicitation of bids along with an undated draft payable to the Board of Education of the City of Chicago in the amount required, and a letter authorizing the dating and presentment of said documents in the sole discretion of the Board of Education may be supplied in any instance where a surety bond would be required, except in those instances where a surety bond is now or shall in the future be required by law or other cause which requirement and cause shall be recited in the solicitation of bids or request for proposal. (Adopted 03-26-86; 11-19-86)

**Sec. 5-7. Bid Procedure.** Except as may otherwise be provided by the Board when formal bids are taken, as many bids shall be secured as practicable, basing the solicitation upon a list of prospective bidders that are qualified to provide supplies, materials or work. At least one public notice is to be made at least 10 days before the bid date in a newspaper published in the district and shall simultaneously be posted on a readily accessible bulletin board in the Office of the Chief Purchasing Officer. Each bidder receiving a copy of the solicitation must receive at least 3 days notice of the time and place of such bid opening. All competitive bids for contracts involving an expenditure in excess of \$10,000 must be sealed by the bidder and must be opened by the Chief Purchasing Officer or designate at a public bid opening at which the contents of the bids must be announced. (Amended 01-24-96)

When the stated bid opening day falls upon a holiday as established by the Rules of the Board of Education, the time for receipt and opening of bids shall automatically be continued to the next following business day at the same hour. (Amended 02-28-68; 11-24-71; 10-28-81; 11-19-86; 10-27-98)

**Sec. 5-8. Schedule of Bids.** When the bids are scheduled, a copy of said schedule shall be posted in the Bureau of Purchases not later than four days following the day on which bids are opened. A schedule of bids, certified by the Chief Purchasing Officer, shall also be forwarded to the Secretary of the Board of Education who shall file the same in a safe place and properly preserve them as part of the official records of the Board of Education. (Amended 01-24-96)

**Sec. 5-9. Rejection of Bids.** The Board of Education or the Chief Purchasing Officer shall have the right to reject any or all bids or proposals. (Amended 01-24-96)

**Sec. 5-10. Expenditures For All Items Which Are Not Required to be Awarded Through a Competitive Bid Solicitation Process.** Upon requisition duly signed or authorized by the General Superintendent of Schools, the Chief

Purchasing Officer, the Chief Fiscal Officer or the General Counsel, as appropriate for their respective areas of responsibilities, expenditures for supplies, materials, non-personal services, personal and consulting services or other work which are not required to be awarded through the competitive bid solicitation process pursuant to Board Rule 5-4, up to \$25,000.00 may be made by purchase order charging appropriated funds. Such commitments of less than \$25,000.00 (except real estate) shall be ~~submitted~~ reported to the Board on a monthly basis. Board approval shall be first obtained for all such commitments in excess of \$25,000.

Pursuant to Section 5-12 of these Rules, expenditures under \$25,000 shall be included in the Chief Purchasing Officer's monthly report. (Amended 05-12-82; 09-07-82; 05-09-84; 07-31-91; 01-24-96; 02-23-00; 09-26-01)

**Sec. 5-10.1. Expenditures - Personal Service/Consultant.  
(Repealed 10-26-01)**

**Sec. 5-10.2. Expenditures - Pre-Qualified Vendors.** The Chief Purchasing Officer shall submit a Board Report each quarter of all expenditures made to pre-qualified vendors showing a list of expenditures made to each pre-qualified vendor as well as an accounting and reconciliation of such individual expenditures against the total expenditures authorized for the applicable pre-qualified pool of vendors. (Adopted 06-23-99)

**Sec. 5-11. Fuel.** When annual contracts for fuel are to be awarded, the Chief Purchasing Officer shall solicit written proposals upon detailed specifications. Bids shall be solicited as provided in these Rules. The annual contracts when awarded shall be executed in duplicate. A surety bond in an amount equal to the estimated total amount of each contract shall be furnished by the successful bidder, at the bidder's cost, to secure the faithful performance of the terms of the contract. When the Board of Education elects to purchase fuel on the open market, proposals from at least three reputable fuel dealers or operators shall be obtained whenever practicable.

Whenever an emergency exists and it shall be necessary in order to prevent the closing of school building for lack of fuel, the Chief Purchasing Officer shall secure the necessary fuel whenever it is possible to obtain it at a fair market price. (Amended 01-24-96)

**Sec. 5-12. Chief Purchasing Officer's Monthly Report.** The Chief Purchasing Officer shall submit a report each month of all expenditures made for items not requiring a written contract pursuant to Board Rule 2-5.1, showing a list of expenditures made, the purchase order issued, if any, the prices thereof, the names of those from whom the articles were purchased, and the school,



# CONSTRUCTION CONDITIONS

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**\*\*These Construction Conditions shall apply to the extent that they are pertinent to individual Projects. The Board reserves the right to unilaterally modify the provisions of these Construction Conditions by giving written notice of such modifications.**

## GENERAL CONDITIONS OF THE WORK

### 1. THE DIRECT CONTRACT

- 1.1 With respect to any Project, the Direct Contract shall include the following:
  - 1.1.1 The Bid Documents;
  - 1.1.2 Direct Contractor's Response;
  - 1.1.3 Notice of Award;
  - 1.1.4 Notice to Proceed;
  - 1.1.5 Specifications and drawings that may be provided by the Architect or other agents of the Board with the Bid Documents and from time to time;
  - 1.1.6 Change Orders (if any); and
  - 1.1.7 Performance and Payment Bonds as required.

### 2. OTHER DEFINITIONS AND CONVENTIONS

- 2.1 As used in the Direct Contract:
  - 2.1.1 Words in the singular include the plural unless the context clearly indicates otherwise.
  - 2.1.2 Gender-specific words include all genders.
  - 2.1.3 Article and section captions are for convenience and do not affect the substance of the article or section.
- 2.2 Wherever used in any of the Direct Contract documents, these terms have these meanings:
- 2.3 "Architect" means any person or firm employed by the Board for the purpose of designing and observing the Work embraced in this Direct Contract acting directly or indirectly through any assistants.
- 2.4 "Attorney" means the general counsel of the Board.
- 2.5 "Award Criteria Figure" means, in connection with bidding, the amount entered or to be entered on Line 15 of the Board's Canvassing Formula (see CSI Section 00750, Special Conditions for MBE/WBE Economic Participation), corrected for any arithmetic errors.
- 2.6 "Base Direct Contract Price" means the amount of compensation, based upon Direct Contractor's Bid Price (as adjusted pursuant to 720 ILCS 5/33E-12, if applicable) to be paid for the Work to be performed by the Direct Contractor as adjusted in accordance with authorized Change Orders from time to time.
- 2.7 "Bid Documents" means the Project Manager's solicitation for bids issued in connection with one or more specific Projects, including the Specifications for the Work and any Addenda, as such Bid Documents have been pre-approved by the Board in writing.
- 2.8 "Board" means the Chicago School Reform Board of Trustees on behalf of the Board of Education of the City of Chicago.
- 2.9 "Change Order" means the written order issued by the Project Manager to the Direct Contractor directing changes in the Work and/or the time for completion of the Direct Contract. *All Change Orders are subject to the Board's pre-approval.*

- 2.10 "Capital Planning" means a department within the Board's Operations Department or a Board consultant that is charged with, among other things, implementation of the Board's Capital Improvement Program.
- 2.11 "Chicago Public Schools" or "CPS" means all of the facilities owned or leased by the Board.
- 2.12 "City" means the City of Chicago.
- 2.13 "Construction Manager" means the firm engaged by the Board to provide professional construction management services, to design and implement capital projects, supervise various consultants including the Architects, manage and facilitate the scheduling and completion of the Work in accordance with the Direct Contract and within the cost and schedule requirements established by the Board.
- 2.14 "Day" or "day" means calendar day unless otherwise specified.
- 2.15 "Department" means Department of Operations of the Board.
- 2.16 "Direct Contractor" means the contractor that enters into a contract with the Project Manager to perform work for a specific Project.
- 2.17 "Drawings" are those included in the Specifications, and additional drawings and sketches, if any, incorporated into the Direct Contract as the Work progresses.
- 2.18 "Environmental Consultant" means a consultant engaged by the Board to provide environmental assessments of CPS facilities and to coordinate the identification and remediation of environmental conditions.
- 2.19 "Final Acceptance" means the date on which the Architect and Project Manager, acting in conjunction with the Board, have determined that all of the requirements of the Direct Contract Documents have been completed.
- 2.20 "Notice of Award" refers to the written notice issued by the Project Manager which awards a specific Project to the Direct Contractor. All Notices of Award require the Board's prior written approval.
- 2.21 "Notice to Proceed" refers to the written notice issued by the Project Manager which defines the established date from which the time for performance begins to run. All Notices to Proceed require the Board's prior written approval.
- 2.22 "PBC" means the Public Building Commission of Chicago, a municipal corporation and body politic and corporate under Illinois law and record owner of certain CPS properties.
- 2.23 "Preliminary Acceptance" means the date on which the Architect and the Project Manager, acting in conjunction with the Board, have determined that the Work required under the Direct Contract has been essentially completed (except for Punch List Work), such that the Users may occupy and fully use the Work, or, if the nature of the Work requires that a Certificate of Occupancy be issued, it means the date of the City's Certificate of Occupancy.
- 2.24 "Project" means all Sites at which Work on the Direct Contract will be performed.
- 2.25 "Project Manager" means the prime contractor that is entering into the Local Area Network ("LAN") Agreement with the Board to see that the Work described

in the Direct Contract is performed.

- 2.26 "Program Manager," when capitalized, means the firm engaged by the Board to provide certain professional services in connection with the LAN Agreement.
- 2.27 "Property Advisor" means an entity engaged by the Board for the purpose of providing property management services, operations and maintenance activities for various CPS facilities.
- 2.28 "Punch List" or "Punch List Work" means minor adjustments, repairs or deficiencies in the Work as determined by the Architect and Project Manager at the direction of the Board.
- 2.29 "Record Documents" are all documents required under the terms of the Direct Contract to be provided to the Board by the Project Manager including but not limited to shop drawings, mylar as-built drawings, parts manuals, operation and maintenance manuals, contractors' field drawings, project manuals and specifications.
- 2.30 [Intentionally Deleted]
- 2.31 "Schedule of Values" means the detailed list, if any, of the estimated value of each construction activity included in the Base Direct Contract Price (including insurance credits and other credit items required to be listed) that is submitted by the Direct Contractor and approved by the Architect, the Project Manager and the Program Manger, as amended and re-approved from time to time.
- 2.32 "Site" means the location shown on the Drawings within which the Work must be performed under the Direct Contract.
- 2.33 "Subcontractor" means any partnership, firm, corporation or entity other than an employee of the Direct Contractor, who contracts with the Direct Contractor to furnish labor, or labor and materials, at the Site. The term also includes subcontractors of any tier, suppliers, fabricators or manufacturers whether or not in privity with the Direct Contractor.
- 2.34 "User" means the students, their parents, principals, teachers, support staff, volunteers, licensees, and Local School Council members of a particular school.
- 2.35 "Work" means the construction and services required by the Direct Contract, whether completed or partially completed, and includes all other labor, materials, equipment and supplies, plant, tools, scaffolding, transportation, superintendence, insurance, taxes and all other services, facilities and expenses necessary for the Direct Contractor to fulfill the Direct Contractor's obligations. The Work may constitute the whole or a part of the Project.

### 3. CORRELATION AND INTENT OF THE CONTRACT DOCUMENTS

- 3.1 The Direct Contract is intended to include all items required for the proper execution and completion of the Work. Direct Contractor must provide any item of Work mentioned in the Specifications and not shown on the Drawings, or shown on the Drawings and not mentioned in the Specifications, as if shown or mentioned in both.
- 3.2 The Direct Contractor must coordinate the various parts of the Work so that no part is left in an unfinished or incomplete condition owing to any disagreement between the various Subcontractors or any of the Subcontractors and the Direct Contractor, as to where the work of one begins and ends with relation to the work of the other.
- 3.3 Generally, the Specifications describe work that cannot be readily indicated on the Drawings and indicate types, qualities and methods of installation of the various materials and equipment required for the Work. It is not intended to mention every item of work in the Specifications that can be adequately shown on the Drawings nor to show on the Drawings all items of work described or required by the Specifications even if they are of such nature that they could have been shown on them. Direct Contractor must provide all materials or labor for Work that is shown on the Drawings or is reasonably inferable from them as being necessary to produce a finished Project whether or not the Work is expressly covered in the Specifications.
- 3.4 Except as otherwise noted in these Constructions Conditions, Direct Contractor must furnish materials that are shown on the Drawings and that are not specifically described in the Specifications or Drawings, suitable for the intended use, compatible with adjacent materials, and subject to review for conformity with the intent of the Direct Contract. Installation techniques not specified in the Direct Contract must be in accordance with manufacturer's currently published instructions and industry standards.
- 3.5 The Board may elect to pre-purchase certain major materials, such as structural steel, windows, kitchen equipment, and the like, for use in the Work, and if so, the Direct Contract will describe the procedures established for requisitioning them through the Board.
- 3.6 Where requirements of the Direct Contract differ from what is required under applicable laws, ordinances, rules, regulations, orders, building codes or the requirements of authorities having jurisdiction, Direct Contractor must provide that which the most stringent of them requires, and, except for material discrepancies caused by Architect's errors and omissions, Direct Contractor must provide, within the Base Direct Contract Price, that which is required. Direct Contractor must, whenever there is a discrepancy or apparent discrepancy, seek clarification and approval in advance from the Architect, and especially where a material discrepancy of this nature would result in a claim for extras.
- 3.7 In signing the Direct Contract, the Direct Contractor represents and warrants that the Direct Contractor has visited the Sites, is familiar with local conditions under

which the Work is to be performed with requirements of the Direct Contract.

#### 4. RIGHT OF ENTRY

- 4.1 The Direct Contractor and its Subcontractors and their respective officers, employees, and agents performing the Work are permitted to enter the Site in connection with the performance of the Work, subject to the terms and conditions contained in the Direct Contract and those rules established by the Board. The Direct Contractor must provide advance notice of its intended entry to the principal whenever Work is to be performed at an existing school Site, and also to the Board regardless of the type of Site. Consent to enter a Site given by the principal or the Board does not create, and must not be construed to imply the creation of, any additional responsibilities on the part of the Board.
- 4.2 The Direct Contractor must use, and cause its Subcontractors and their respective officers, employees, and agents to use, the highest degree of care when entering Sites in connection with the Work. The Direct Contractor and its Subcontractors and their respective officers, employees and agents must comply with all instructions and requirements for the use of the Site, and any leases or licenses for the use of the Site, whether the Site is owned or leased by the Board or licensed or leased from the Board.

#### 5. EXPLANATION OF SPECIFICATIONS

- 5.1 Organization of the Specifications into divisions, sections and articles, and arrangement of Drawings is for convenience and does not dictate or determine the trade or craft involved. The separations do not operate to make the Architect an arbiter for the division of responsibility between Direct Contractor and Subcontractors or between Subcontractors, and the separations do not relieve the Direct Contractor from the responsibility of satisfactorily completing the entire Work, regardless of the trade divisions.
- 5.2 The Specifications are of abbreviated or "streamlined" type and include incomplete sentences. Omissions of words or phrases such as "the Contractor must (or shall)", "in conformity therewith", "must (or shall) be", "as noted on the Drawings", "according to the plans", "a", "an", "the", and "all" are intentional. Omitted words and phrases must be supplied by inference in the same manner as they are when a "Note" occurs on Drawings. Words "must (or shall) be" or "must (or shall)" will be supplied by inference where a colon (:) is used within sentences or phrases.
- 5.3 Where "as shown", "as indicated", "as detailed" or words of similar import are used, reference is made to the Drawings accompanying the Specifications unless otherwise stated. Where "as directed", "as required", "as permitted", "as authorized", "as approved", "as accepted", "as selected", or words of similar import are used in the Specifications, the direction, requirement, permission, authorization, approval, acceptance or selection by the Architect is intended unless otherwise stated.
- 5.4 "Provide" means "provide complete in place" or "furnish and install."

## 6. STANDARD SPECIFICATIONS

- 6.1 Any reference in the Direct Contractor to standard specifications of any society, institute, association or governmental authority (these standard specifications not forming a part of any statute or ordinance, nor otherwise being specified as to edition or date), is a reference to the standard specifications of the organization that are in effect on the 180th Day before the date of the first Advertisement for Bids. If the specifications are revised before completion of any part of the Work to which the revision would pertain, the Direct Contractor may, if approved by the Architect, perform the work in accordance with the revised specifications.

## 7. OWNERSHIP OF DRAWINGS, SPECIFICATIONS AND MODELS

- 7.1 All copies (in whatever form, including, without limitation, electronic) of Drawings and Specifications furnished by the Architect are the property of the Board. The copies are not to be used on any other work or project whatsoever and, with the exception of the signed Direct Contractor set, are to be returned to the Board on request at the completion of the Work. All models are the property of the Board.

## 8. THE ARCHITECT, THE BOARD, AND BOARD CONSULTANTS

- 8.1 The Architect will, within a reasonable time, make recommendations on all claims of the Direct Contractor and make decisions on all other matters relating to the execution and progress of the Work and the interpretation of the Direct Contract. The Board will entertain and allow no claim of the Direct Contractor that has not first been approved by the Architect and reviewed and recommended by the Program Manager.
- 8.2 The Architect, the Program Manager and other Board consultants are not liable for Direct Contractor's performance of the Work or for any defects, deficiencies or effects resulting from any of them, or those of any Subcontractor, manufacturer, supplier, fabricator, or any other third party (including anyone working or acting on behalf of any of them).
- 8.3 The services of the Architect, Program Manager and other Board consultants are performed solely for the benefit of the Board. No Direct Contractor, Subcontractor, supplier, fabricator, manufacturer or other third party is entitled to have any claim against them or the Board as a result of the performance or nonperformance of their respective services. *The Direct Contractor must bring this provision to the attention of the Subcontractors, suppliers and other parties with whom it contracts and have them do the same with those with whom they contract.*
- 8.4 The Architect, Program Manager and other Board consultants will not have control over or charge of and will not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions in connection with the Work, since these are solely the Direct Contractor's and Project Manager's responsibility. The Architect will not be responsible for the



Project Manager's or Direct Contractor's failure to carry out the Work in accordance with the Direct Contract. The Architect will not have control over or charge of and will not be responsible for acts or omissions of the Project Manager, Direct Contractor, Subcontractors, or their agents or employees, or of any other persons performing portions of the Work.

- 8.5 Except as otherwise provided in the Direct Contract or when direct communications have been specially authorized, the Board, Architect, and Direct Contractor must endeavor to communicate through the Project Manager. Communications by and with the Board's consultants must be through the Program Manager. Communications by and with Subcontractors and material suppliers must be through the Direct Contractor. Communications by and with separate contractors must be through the Board and the Program Manager.

## 9. APPROVALS

- 9.1 In various places the Direct Contract requires Direct Contractor to obtain approvals from or to submit drawings, notices, claims, or other documents to various persons. In general, it is the intent of the Direct Contract that the Architect, as the person professionally responsible for the design and specifications, and the Board, as owner or in the owner's stead (where another governmental body owns the Project site) have the power of approval and disapproval, while the Program Manager makes recommendations and suggestions to the Board. With respect to submittals, the designation of various persons to receive them does not relieve Direct Contractor or its Subcontractors of any statutory notice requirements, but rather it is intended to speed up recommendations and approvals (or disapprovals) where the actions of several persons is called for.

## 10. SUBMITTALS AND SUBSTITUTIONS

- 10.1 The Direct Contractor must review, approve and submit to the Architect, shop drawings, product data, samples and similar submittals required by the Direct Contract with reasonable promptness (as outlined in the Specifications) and in the sequence that will cause no delay in the Work or in the activities of the Board or of separate contractors. Submittals made by the Direct Contractor that are not required by the Direct Contract may be returned without action.
- 10.2 The Direct Contractor must not perform any portion of the Work requiring submittal and review of shop drawings, product data, samples or similar submittals until the respective submittal has been approved by the Architect. The Work must be in accordance with approved submittals.
- 10.3 By approving and submitting shop drawings, product data, samples and similar submittals, the Direct Contractor represents that the Direct Contractor has determined and verified materials, field measurements, and field construction criteria related to them, or will do so, and has checked and coordinated the information contained within the submittals with the requirements of the Work and of the Direct Contract.

- 10.4 The Direct Contractor is not relieved of responsibility for deviations from requirements of the Direct Contract by the Architect's approval of shop drawings, product data, samples or similar submittals unless the Direct Contractor has specifically informed the Architect in writing of the deviation at the time of submittal and the Architect has given written approval to the specific deviation. The Direct Contractor is not relieved of responsibility for errors or omissions in shop drawings, product data, samples or similar submittals by the Architect's approval of them.
- 10.5 Direct Contractor must identify and submit all proposed substitutions to the Architect for approval at such time as initial submittals are submitted to the Architect. No substitutions are permitted, and Direct Contractor must not make any substitutions, at any time after that, unless one or more specified products or processes becomes unavailable through no fault of the Direct Contractor. Direct Contractor must furnish such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed substitute product or process is acceptable. The burden of proof is on the Direct Contractor both with respect to acceptability of the proposed substitute product or process and with respect to Direct Contractor's lack of fault. When the submittal is due to specified product unavailability through no fault of Direct Contractor, all proposed substitutes must be submitted to the Architect in ample time to permit proper consideration by the Architect. No consideration will be given to incomplete or belated submittals. Failure of the Direct Contractor to plan ahead to obtain a product at a competitive price is not a basis for substitution.

## 11. NAMED MANUFACTURERS; SPECIFIED PROCESSES

- 11.1 Terminology. Whenever in the Direct Contract the term "substitute," in any of its forms, is used in connection with products or processes other than those specified it is intended to refer to the products or processes offered in the post-award period. The term "alternate" in connection with products or processes other than those specified is intended to refer to products or processes bid as alternates to the named products or processes.

- 11.2 "Or equal." Whenever any manufacturer's or distributor's brand of product (or trade name or catalog reference) is specified for an item of Work, the words "or equal" are understood to apply, and equal alternates and equal substitutions will be considered unless otherwise expressly stated.
- 11.3 Alternates. If the Direct Contractor proposes to offer an equal alternate to the named product or process, Direct Contractor must do so at the time of bid, clearly identifying the product or process alternate offered, furnishing detailed specifications of the product, supporting data, and samples, and identifying any deviations from the specification. Direct Contractor must furnish with the bid submittal, or at the request of the Board, such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed alternate product or process is acceptable. The alternate so offered is subject to Architect's review and approval to determine its compliance with the specifications, including all performance requirements stated or implied in the specification. If the Direct Contractor's bid lacks any of the foregoing information, Direct Contractor must furnish the named product or process. **NO ALTERNATE WILL BE CONSIDERED FOR ACCEPTANCE IF NOT BID.**
- 11.4 Processes with Guaranteed Results. Whenever a particular process is specified and also requires a guarantee of the results, and if the Direct Contractor judges that the process might not produce the required result, the Direct Contractor must include in its bid an alternate process that Direct Contractor would guarantee, or if the requirements of Section 10.5 are met, submit for approval a substitute process that Direct Contractor would guarantee.
- 11.5 Substitutions. All proposals for substitute products or processes must be made in writing to the Architect in accordance with the following procedures:
- 11.5.1 Requests for approval of products or processes other than those specified must be accompanied by proof, satisfactory to the Board and Architect that:
- (i) they are equal in quality, availability, and serviceability to the specified products;
  - (ii) their use will not entail changes in details and construction of related Work;
  - (iii) they are acceptable in consideration of the required design and artistic effect and function;
  - (iv) there will be a cost advantage to the Board.
- 11.5.2 Direct Contractor must furnish with the submittal pursuant to the provisions of Section 10.5, or at the request of the Board, such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed substitute product or process is acceptable.

12. ARCHITECT'S ADDITIONAL INSTRUCTIONS

- 12.1 The Architect will furnish with reasonable promptness additional instructions by means of drawings or otherwise, necessary for the proper execution of the Work. All such instructions must be consistent with the Direct Contract, or approved modifications of or true developments from them, and reasonably inferable from them. Direct Contractor must cause the Work to be executed in conformity with the Direct Contract and the additional instructions and must do no work without proper drawings or instructions. In giving additional instructions, the Architect has authority to make minor changes in the Work consistent with the intent of the Direct Contract and involving no extra cost (but not those granting additional time).
- 12.2 Wherever typical parts or sections of the Work are completely detailed on the Drawings and other parts of sections that are essentially of the same construction are shown in outline only, the complete details apply to the Work that is shown in outline.
- 12.3 Direct Contractor must not determine dimensions of Work by scale or rule, but rather must follow figured dimensions at all times. If figured dimensions are lacking and cannot be calculated from other dimensions on Drawings, the Architect must supply them at Direct Contractor's request.

13. CONSTRUCTION SCHEDULES

- 13.1. TIME IS OF THE ESSENCE IN PROSECUTING AND COMPLETING THE WORK. The Direct Contractor, within 15 working days after being awarded the Direct Contract (by Notice of Award), must prepare and submit for the information of the Board, the Architect, and the Program Manager, a construction schedule for the Work, prepared in form and substance acceptable to or as specifically prescribed by the Board. The construction schedule must not exceed time limits for the Work in the Project Schedule under the Direct Contract. The construction schedule must accommodate all Board and User activities that are identified in the Direct Contract; must be updated by the Direct Contractor and Project Manager and submitted to the Program Manager at least monthly or more frequently as directed by the Architect or the Program Manager. The construction schedule must be related to the entire Project to the extent required by the Direct Contract, and must provide for expeditious and practicable execution of the Work.
- 13.2. Direct Contractor and Project Manager must submit the construction schedule to the Program Manager in duplicate, and, if requested by the Program Manager, also on floppy disk in format acceptable to the Program Manager. The Project Manager must submit a revised construction schedule when the Direct Contractor's planned sequence is changed or when contract changes are made that affect the construction schedule or when directed by the Program Manager. All construction schedules are subject to review and approval by the Architect and the Program Manager.

14. BOARD'S RIGHT TO DO WORK

- 14.1. If the Direct Contractor neglects to prosecute the Work properly or fails to

perform in accordance with the Direct Contract, the Board, after at least 3 business days' written notice to the Project Manager, may without prejudice to any other remedy, make good the deficiencies and deduct the cost of doing so from the payment then or later due the Project Manager.

- 14.2. If the cost of all Work undertaken by the Direct Contract exceeds the unpaid balance of the Base Direct Contract Price, the Direct Contractor and the Project Manager (and the surety or sureties on the performance bond given by each of them) are liable for payment to the Board of the amount of the excess.
15. **BOARD'S RIGHT TO STOP WORK**
- 15.1. If the Direct Contractor fails to correct Work that is not in accordance with the requirements of the Direct Contract or persistently fails to carry out Work in accordance with the Direct Contract, the Board, by written order, may order the Project Manager to direct the Direct Contractor to stop the Work, or any portion of it, until the cause for the order has been eliminated.
16. **CONTRACT DOCUMENTS AND SUBMITTALS FOR THE WORK**
- 16.1. The Direct Contractor must keep one complete set of all Site-related Direct Contract, including Drawings, Specifications and one complete set of submittals at the Sites in good order, available to the Board, the Architect, Program Manager, and the Project Manager. The Direct Contractor must keep the Drawings, Specifications and submittals up to date by replacing obsolete sheets with revised sheets as they are issued.
- 16.2. The Direct Contractor must carefully study and compare the Direct Contract with information furnished by the Board and must at once report to the Architect and Project Manager errors, inconsistencies or omissions discovered. The Direct Contractor is not liable to the Board, Project Manager or Architect for damage resulting from errors, inconsistencies or omissions in the Direct Contract unless the Direct Contractor recognized, or should have recognized, the error, inconsistency or omission and knowingly failed to report it to the Architect. If the Direct Contractor performs any construction activity knowing it involves a recognized error, inconsistency or omission in the Direct Contract without the notice to the Architect (with copies to the Project Manager and Program Manager), the Direct Contractor assumes appropriate responsibility for the performance and will bear an appropriate amount of the attributable costs for correction.
- 16.3. The Direct Contractor must take field measurements and verify field conditions and must carefully compare the field measurements and conditions and other information known to the Direct Contractor with the Direct Contract before commencing activities. Direct Contractor must report errors, inconsistencies or omissions discovered to the Architect and Project Manager at once.
- 16.4. The Direct Contractor must perform the Work in accordance with requirements of the Direct Contract. See Article 10 above regarding deviations in submittals.

17. SUPERVISION OF THE WORK

- 17.1. The Direct Contractor must immediately upon issuance of the Notice to Proceed with any portion of the Work furnish a competent staff, sufficient in number, as necessary for the proper administration, coordination, and supervision of the Work within the Project Schedule as established in the Direct Contract and approved by the Board; organize the procurement of all materials and equipment so that they will be available at the time they are needed for the Work; and keep a force of skilled workers on the Site sufficient in number to complete the Work in accordance with all requirements of the Direct Contract and to the entire satisfaction of the Architect.
- 17.2. Before beginning the Work, the Direct Contractor must select a manager who will have full responsibility for the prosecution of the Work with full authority to act in all matters as necessary for the proper coordination, direction, commitment of resources and technical administration of the Work. Such manager must attend meetings at the places and times as the Board, Project Manager, or Architect decides in order to render reports on the progress of the Work. The Direct Contractor is solely responsible for and has control over construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Direct Contract.
- 17.3. The Direct Contractor must keep on the Project throughout its duration a competent superintendent and any necessary assistants, all of whom must be satisfactory to the Board, Architect, and Project Manager. The superintendent must be present at the Site when Direct Contractor's personnel and/or Subcontractors are present. The superintendent must not be replaced without the consent of the Board, Architect and Project Manager unless the superintendent proves to be unsatisfactory to the Board (in which case the superintendent must be replaced on the Project) or becomes unavailable due to reasons beyond the control of Direct Contractor. In order to replace the superintendent, the Direct Contractor must give the Board, Architect, and Project Manager written notice and submit for approval the qualifications of the proposed replacement superintendent at least 15 Days before the intended change. The superintendent represents the manager in the absence of the Direct Contractor's principals and all directions given to the superintendent are as binding as if given to the Direct Contractor. All directions must be confirmed in writing to the Direct Contractor.
- 17.4. The Direct Contractor must efficiently supervise the Work using its best skill and attention.
- 17.5. The Direct Contractor is solely responsible for properly laying out the Work, and for all lines, elevations, and measurements for all of the Work executed under the Direct Contract. The Direct Contractor must verify the figures shown on the Drawings before laying out the Work and will be held responsible for any errors or inaccuracies resulting from the failure to do so.

18. HOURS OF WORK

- 18.1. The Direct Contractor must furnish sufficient forces and work those shifts that may be required to ensure completion of the Work under the conditions and within the time stated in the Direct Contract. If the nature of the Work requires that parts of it be performed outside of regular working hours, the cost of the work is considered to be included in the Base Direct Contract Price. If the Project falls behind schedule, the Direct Contractor will be required to perform and must perform the Work by extra shifts or on overtime basis as may be necessary to complete the Work on time, the cost of that is considered to be included in the Base Direct Contract Price.
- 18.2. The Direct Contractor will not be entitled to additional compensation for extra shifts or overtime work for any reason or claim of whatever nature except as otherwise expressly stated in writing by the Project Manager, with pre-approval of the Board; and then only to the extent of the direct cost of the premium portion of the time involved and without any charge for mark up, insurance or taxes, except as might otherwise be required by law.
- 18.3. The Site may be occupied during construction. Direct Contractor must cooperate fully with the Board, Project Manager, Program Manager, Property Advisor, Architect, and the User during construction operations to minimize conflicts, interference and to facilitate occupant usage and operations.
- 18.4. During occupied hours, the Direct Contractor must limit construction operations to methods and procedures that will not adversely and unduly affect the environment of occupied spaces, including but not limited to creating noise, dust, odors, air pollution, ambient discomfort, or poor lighting.

19. EMPLOYEES

- 19.1. Any employee of the Direct Contractor or a Subcontractor whose work is unsatisfactory or who is considered by the Board, Architect or Project Manager to be unskilled or otherwise objectionable, must be dismissed from the Work upon written notice to the Direct Contractor.

20. BUILDING MATERIALS AND EQUIPMENT

- 20.1. Unless otherwise specified, all materials and equipment must be new, and of the quality required to satisfy the standards of the Direct Contract. The Direct Contractor must, if required, furnish satisfactory evidence as to kind and quality of all materials and equipment. Direct Contractor must cause all labor to be performed by workers skilled in their respective trades, and workmanship must be of good quality so that first class work in accordance with the standards of construction set forth in the Direct Contract will result.
- 20.2. Any work, materials or equipment that do not conform to these requirements or the standards set forth in the Direct Contract may be disapproved and rejected by the Project Manager or Architect, in which case Direct Contractor must remove and replace them before final payment.

- 20.3. The Direct Contractor must keep proper inventories, provide adequate protection against the weather and maintain security measures against theft and vandalism with respect to all stored materials, fixtures and equipment for items stored on-site and not yet incorporated into the Work.
- 20.4. The Site must not be utilized for the storage of vehicles, materials, equipment, or fixtures not intended for the Project.
- 20.5. The Direct Contractor must review any specified construction or installation procedures (including those recommended by any product manufacturer). The Direct Contractor must advise the Architect and Project Manager, in writing 7 Days before beginning the Work, on items affected:
  - 20.5.1. if any specified procedure deviates from good construction practice;
  - 20.5.2. if following any specified procedure will affect any warranties; or,
  - 20.5.3. of any objections that the Direct Contractor may have to any specified procedure.

**21. SALVAGE RIGHTS**

- 21.1. The Board reserves all salvage rights in existing art works, structures, materials, and artifacts of intrinsic, artistic, or historical value. Whenever Direct Contractor must remove or demolish such things before beginning renovation or other construction, Direct Contractor must request the Board's approval in advance and obtain specific direction on handling salvageable items.

**22. INDEMNIFICATION/NONLIABILITY**

- 22.1. Indemnity. Direct Contractor agrees to indemnify and hold harmless the Program Manager and the Board, its members, trustees, employees, agents, officers and officials, from and against any and all liabilities, losses, penalties, damages, expenses (including litigation costs and reasonable attorney's fees) which arise out of or are directly related to a claim, lien, damage, obligation, action, suite, judgment or settlement caused by the negligent acts or omissions of Direct Contractor or its officers, agents, employees, or subcontractors in the performance of Work pursuant to this Agreement. This obligation includes, but is not limited to, the unauthorized use of any trade secrets, U.S. patents or copyright infringements by Direct Contractor, or its officers, agents, employees, or its subcontractors in the performance of its Work pursuant to this Agreement.
- 22.2. Cost and Expense. Direct Contractor shall, at its own cost and expense, appear, defend and pay all attorneys' fees, other costs and expenses arising hereunder. In addition, if any judgment shall be rendered against the Program Manager or the Board or any other party entitled to indemnification hereunder in any such action, Direct Contractor shall, at its own expense, satisfy and discharge same.
- 22.3. Right to Participate. The Board and any other party entitled to indemnification hereunder shall have the right, at its option and at its own expense, to participate in the defense of any suit, without relieving Direct Contractor of any of its obligations hereunder.
- 22.4. Separate Obligations. Direct Contractor expressly understands and agrees that the indemnity obligations set forth herein are separate from and not limited by the



insurance provisions contained in Article 23 herein.

22.5 Survival. The indemnities set forth herein shall survive the expiration or termination of this Agreement.

22.6 Non-Liability. Direct Contractor agrees that neither the Program Manager nor any Board member, trustee, employee, agent, officer or official shall be personally charged by Direct Contractor, its members if a joint venture, or any of Direct Contractor's subcontractors with any liability or expense under this Agreement or be held personally liable under this Agreement to Direct Contractor, its member if a joint venture, or any of its subcontractor.

## 23. INSURANCE

Direct Contractor's insurance requirements are set forth in Exhibit A-1 to the Construction Conditions.

## 24. TAXES

24.1. The Direct Contractor must pay all applicable federal, state and local taxes on all materials, labor or services furnished, and all taxes arising out of the operations under this Direct Contract. The taxes include, by way of illustration and not in limitation, Retailers' Occupation, Old Age Benefit, Unemployment, customs, duties, all deductions for income taxes now in force or later enacted before Final Acceptance. The Direct Contractor assumes all liability for the payment of any unemployment benefits payable under any federal or state law to individuals employed by it during the progress of the Work covered by this Direct Contract. This requirement excludes taxes and assessments on real property comprising the Site and Illinois, County and Municipal Retailers' Occupation and Service Occupation Taxes and Illinois Use, Sales and Service Use Taxes on building materials and fixtures to be incorporated into the Work but does include the taxes on building materials and equipment consumed or used in performing the construction, but not incorporated in it.

24.2. The Chicago Board of Education is exempt from federal Excise Taxes by virtue of Exemption Certificate No. 36-600584 and it is exempt from State of Illinois Sales Taxes by virtue of Exemption No. E9997-7109. Illinois Retailers' Occupation Tax, Use Tax, and Municipal Retailers' Occupation Taxes do not apply to materials or services purchased by the Board by statute. The price or prices quoted in bids and proposals must include all taxes, direct or indirect, that do apply and must comply with all relevant federal laws and regulations.

## 25. ROYALTIES AND PATENTS

25.1. The Base Direct Contract Price is considered to and must include all fees for any patent invention, article or arrangement or other appurtenances that may be used upon or in any manner connected with the construction, erection or maintenance

of the work, or any part of it embraced in the Direct Contract. The Direct Contractor or Subcontractor(s) must hold harmless the Board, Project Manager, Program Manager, Architect, and their respective board members, officers, agents, and employees, against all demands for such fees or claims for infringements of patent rights that may be made.

25.2. The approval of any method of construction, invention, appliance, process, article, device or material of any kind by the Architect, Board, or Project Manager is only an approval of its adequacy for the Work, and is not an approval of its use by the Direct Contractor in violation of any patent or other rights of any third person.

## 26. PROJECT LABOR AGREEMENT

26.1. The Board has entered into a Project Labor Agreement in connection with all Projects at CPS facilities. Direct Contractor is required as a condition of performing Work on any Project to honor and abide by the provisions of the Project Labor Agreement. A copy of the Project Labor Agreement is attached to these Construction Conditions in Section 00750.

## 27. TRADE REGULATIONS

27.1. Wherever any provision of any section of the Specifications conflicts with any agreements or regulations of any kind at any time in force among members of any trade associations, unions or councils that regulate or distinguish what work is or is not included in the Work of any particular trade, the Direct Contractor must make all necessary arrangements to reconcile any such conflict without delay, damage or cost to the Board and without recourse to the Board, Architect or the Project Manager. If the progress of the Work is affected by any delay in furnishing or installing any items of material or equipment required under the Direct Contract because of a conflict involving any such agreement or regulation, the Architect may require that other material or equipment of equal kind and quality be provided at no additional cost.

## 28. PERMITS, LAWS AND REGULATIONS

- 28.1. In a timely manner so as not to delay the progress of the Work, the Direct Contractor must obtain and pay for all permits, licenses and certificates of inspection necessary for the prosecution and completion of the Work. Should any fees for permits, licenses and certificates of inspection be waived by the appropriate governmental agencies, then Direct Contractor must give full credit for them, and the Project Manager may deduct the amount or amounts waived from payments due the Direct Contractor. The credit must be in the amount stated by the governmental agency waiving the fee.
- 28.2. The Direct Contractor must give all notices and comply with all laws, ordinances, codes, rules and regulations bearing on the conduct of the Work. If the Direct Contractor observes that the Drawings and Specifications are at variance with them, Direct Contractor must, in writing, promptly notify the Architect, and any necessary changes will be made in accordance with Article 39, Changes in the Work. The Direct Contractor must bear all costs arising from any work performed that is contrary to those laws, ordinances, codes, rules and regulations.
- 28.3. The Direct Contractor must also comply with the current regulations of the National Board of Fire Underwriters where applicable to the Project, and all other codes named in the Specifications for the various divisions of the Work.

## 29. WARRANTY

- 29.1. The Direct Contractor warrants to the Project Manager, the Board and Architect:
- 29.1.1. all materials and equipment furnished under the Direct Contract will be of good quality and new unless otherwise required or permitted by the Direct Contract;
- 29.1.2. the Work will be free from defects not inherent in the quality required or permitted; and
- 29.1.3. the Work will conform with the requirements of the Direct Contract.
- 29.2. The Board, Project Manager, and the Architect are entitled to consider Work not conforming to these requirements, including substitutions not properly approved and authorized, defective. The Direct Contractor's warranty excludes remedy for damage or defect caused by abuse, modifications not executed by the Direct Contractor, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. If required by the Architect, the Direct Contractor must furnish satisfactory evidence as to the kind and quality of materials and equipment.
- 29.3. The Direct Contractor warrants all of the Work and each and every part of it, including, by way of illustration and not in limitation, all workmanship, materials, equipment, supplies, services and facilities that are furnished, produced, fabricated, installed, constructed or built pursuant to the Direct Contract for the respective periods of time called for by the respective requirements of the Direct Contract, and, if no period is specified, then for a period of one year, against defects that, in the opinion of the Architect, result from the use of defective or inferior materials, equipment, supplies, services, facilities or workmanship; or from Work not in compliance with or not performed in accordance with the

Drawings or Specifications. The Direct Contractor must provide this warranty to the Project Manager and the Board in writing. The warranty period must run from and after the date of Final Acceptance of all Work required by the Direct Contract, unless the Direct Contract specifies a different date for the warranty period to begin running. No part of the Work will be held to be accepted until Final Acceptance of all of the Work.

- 29.4. The Direct Contractor must as part of this warranty repair or remove and replace as directed by the Project Manager and the Board and at no additional cost, all the Work, materials, equipment, supplies, services and facilities that prove defective during the applicable warranty period or that fail to conform to the Direct Contract; to repair, remove and replace, or pay for as directed by the Project Manager and the Board and at no additional cost all damaged portions of the Project and the contents and equipment of it, resulting from or that are incidental to the defects or failure to conform to the Drawings or Specifications. Direct Contractor must begin all repairs, removals, and replacements within 10 business days after the Project Manager and the Board gives written notice and must furnish workers and materials sufficient to ensure their prompt completion. Such written notice must have attached to it the opinion of the Architect stating that the defective Work is not performed in accordance with the Direct Contract. Should the Direct Contractor fail to proceed in accordance with these requirements, the Project Manager or the Board without further notice to the Direct Contractor may furnish all labor and material necessary for repairs, or removals and replacements, and the Direct Contractor must pay the Project Manager or the Board all costs incurred as a result of Direct Contractor's failure to do so.
- 29.5. Notification by the Board of non-conforming or defective Work tolls the running of the Direct Contractor's warranty with respect to the nonconforming or defective Work and of other Work affected by the nonconforming or defective Work. The warranty period for the corrected Work begins anew from the date the replaced or restored Work is accepted by the Board and runs for the full length of time as required under the Direct Contract for the portion of the Work corrected and for that Work affected by it.

### 30. MANUFACTURERS' WARRANTIES

- 30.1. At the final Project close-out meeting, Direct Contractor must furnish the Board 2 complete sets of all manufacturers' warranties, guarantees, parts lists, and literature applicable to equipment, systems, fittings, and furnishings included in the Work (collectively referred to as "manufacturers' warranties"), completed in favor of the Board as of and at the time of Final Acceptance of the Work. These warranties are in addition to and not in lieu of Direct Contractor's warranties under Article 29, and the Board is entitled to look to Direct Contractor for remedy in all cases where Direct Contractor's warranty applies regardless of whether a manufacturer's warranty also applies. The Project Manager will acknowledge receipt of the sets of manufacturers warranties on the set itself, and Direct Contractor shall cause 6 copies of an acknowledged set to be made and furnish them to the Project Manager for distribution as the Board directs.

## 31. ACCIDENTS

- 31.1. Direct Contractor must cooperate and comply with any safety procedures and guidelines established by or for the Board's construction-related projects.
- 31.2. The Direct Contractor must provide at the Site, and make available to all workers, medical supplies and equipment necessary to supply first aid service to all persons injured in connection with the Work.
- 31.3. The Direct Contractor must promptly report in writing to the Project Manager, all accidents whatsoever arising out of, or in connection with, the performance of the Work, whether on or off the Site, that caused death, personal injury or property damage, giving full details and statements of witnesses. The Project Manager may elect to standardize report forms, and if it does so, Direct Contractor must use the required forms for these reports. Regardless of the form used, Direct Contractor must submit an accident report, within 24 hours following the occurrence, containing the following:
  - 31.3.1. Name of Person or Persons involved with home address(es)
  - 31.3.2. Location of Occurrence
  - 31.3.3. Time of Day and Date
  - 31.3.4. Description of Occurrence
  - 31.3.5. Statements of Witnesses
  - 31.3.6. Signature of Direct Contractor's Superintendent
- 31.4. The Direct Contractor must send a copy of the accident report to the Board's insurer, as directed by the Project Manager.
- 31.5. In addition, if death, serious injury or serious damages are caused, the Direct Contractor must notify the Project Manager immediately via telephone or messenger.
- 31.6. If any claim is made by anyone against the Direct Contractor or any Subcontractor on account of any accident, the Direct Contractor must promptly report the facts in writing to the Project Manager and the Architect, giving full details of the claim.

## 32. DELAYS AND EXTENSION OF TIME

- 32.1. If any delay on the part of the Direct Contractor results in any claim against the Board, Architect, Project Manager, Program Manager, or the agents or employees of any of them (for purposes of this Article 32, individually and collectively, the "Board Indemnities") by another contractor arising out of the delay, the Direct Contractor must defend and hold the Board Indemnities harmless against any and all such claims. The Board may without prejudice to its right to any other remedy deduct the amount of any recovery against Board Indemnities from any monies due or that may become due the Direct Contractor.
- 32.2. Subject to the provisions of Article 32.3 below, if the Direct Contractor or its Subcontractors are delayed at any time in the progress of the Work, Direct Contractor's (and its Subcontractors') sole remedy will be an extension of the time for completing the Work for that reasonable period of time that the Project

Manager and Architect with pre-approval by the Board, may decide, but only if the delay is caused by:

- 32.2.1. any act or omission whatsoever (including without limitation suspensions of the Work for any reason and delays pending a decision) of the Board, Architect, Program Manager, Project Manager, or the agents or employees of any of them, or
- 32.2.2. any other contractor employed by the Board, or
- 32.2.3. changes ordered in the Work, or
- 32.2.4. strikes, lockouts, fire, unusual delay in transportation, unavoidable casualties, or any other causes beyond the Direct Contractor's control that would not reasonably be expected to occur in connection with or during performance of the Work (except for weather delays caused by typical Chicago weather extremes that Direct Contractor should have anticipated in Direct Contractor's schedule for the Work), or
- 32.2.5. delay in obtaining required permits where the delay was not caused in whole or in part by Direct Contractor.

32.3. No claim for an extension of time will be considered unless the Direct Contractor makes it in writing, specifying the reason for the delay, and submits it to the Project Manager within 7 Days after the delay begins. In case of a continuing cause of delay, only one claim is necessary.

32.4. The Direct Contractor and its Subcontractors are not entitled to any damages or compensation, or to be reimbursed, by the Project Manager for any losses on account of any delay or delays resulting from any cause whatsoever.

### 33. CLAIMS AND DISPUTES

33.1. Direct Contractor must present all disputes arising under this Direct Contract or its interpretation, whether involving law or fact (or both) or extra Work, and all claims for alleged breach of contract within ten (10) Days after the dispute or the breach begins, by notice in writing to the Project Manager. Such notice will then be submitted to the Board's Chief Purchasing Officer, with copies to the Attorney and Program Manager. For purposes of this Article 33, both disputes and claims, liquidated or otherwise, will be referred to as "claims." All papers pertaining to claims must be filed in quadruplicate with the Chief Purchasing Officer, with one additional copy each to the Attorney and Program Manager.

33.2. The notice must detail the amount (if any) of the claim (if the Work that is the subject of the claim has been completed) and must in any event state the facts surrounding the claim in sufficient detail to identify it, together with its character and scope. In the meantime, and regardless of the outcome and resolution of the claim, during the pendency of the dispute the Direct Contractor must proceed with the Work as directed and maintain the construction schedule. The Chief Purchasing Officer or designee will render a determination in writing; any factual findings that are part of the written determination are binding on both the Project Manager and Direct Contractor.

33.3. Any claim not presented within the time limit specified in this Section 33 will be

considered to have been waived.

- 33.4. If the amount of a claim was not known at the time notice of it was required to be given under this Article 33, Direct Contractor must, within 10 Days after the Work is completed, submit in detail its claim and proof of claim.
- 33.5. No action on this Direct Contract for the recovery of any claim is sustainable in any court of law or equity unless Direct Contractor begins it within either (a) 12 months following the date the Board formally denies the claim or (b) 90 Days after Preliminary Acceptance of the Work, whichever is the earlier.

#### 34. SUBCONTRACTS

- 34.1. The Direct Contractor must, before the Direct Contract is fully signed, notify the Project Manager and Architect in writing of the names of Subcontractors proposed for the principal parts of the Work and those other parts of the Work as the Project Manager and Architect may direct, with a written statement containing the information that they may require concerning the experience, ability, and responsibility of each proposed Subcontractor and the scope of the subcontract. The Direct Contractor must not later substitute another Subcontractor without the prior approval of the Project Manager and the Board.
- 34.2. Subject to the provisions above, the Direct Contractor is liable to the Project Manager and the Board for the acts and omissions of its Subcontractors and of persons either directly or indirectly employed by the Subcontractor, as the Direct Contractor is for the acts and omissions of persons directly employed by it.
- 34.3. Each Subcontractor must report to the Architect and Project Manager before beginning the Work and when resuming Work after an absence from the Project.

#### 35. RELATIONS OF DIRECT CONTRACTOR AND SUBCONTRACTORS

- 35.1. The Direct Contractor must inform every Subcontractor that it is bound, and every Subcontractor is bound, by the terms of the Direct Contract as far as applicable to its Work, including the following provisions of this Article, unless specifically noted to the contrary in a subcontract approved in writing as adequate by the Project Manager or Architect.
- 35.2. Nothing in this Article creates any obligation on the part of the Project Manager or the Board to pay or to see to the payment of any sums to any Subcontractor.
- 35.3. The Subcontractor:
- 35.3.1. is bound to the Direct Contractor by the terms of the Direct Contract and assumes toward the Direct Contractor all the obligations and responsibilities that the Direct Contractor, by the documents, assumes toward the Project Manager and the Board.
- 35.3.2. must submit to the Direct Contractor applications for payment in such reasonable time as to enable the Direct Contractor to apply for payment as specified in the Direct Contract.
- 35.3.3. must make any claims for extras, for extensions of time to the Direct Contractor in the manner provided in the General Conditions for like claims by the Direct Contractor upon the Project Manager, except that the

time limit for making claims for extra cost is 7 Days.

**35.4. The Direct Contractor:**

- 35.4.1. is bound to the Subcontractor by all the obligations that the Project Manager assumes to the Direct Contractor under the Direct Contract and by all the provisions of the Direct Contract affording remedies and redress to the Direct Contractor from the Project Manager.
- 35.4.2. must pay the Subcontractor upon the issuance of certificates under the Schedule of Values specified in the Direct Contract, the amount allowed and paid to the Direct Contractor on account of the Subcontractor's Work to the extent of the Subcontractor's interest in it.
- 35.4.3. acknowledges that no claim for services rendered or materials furnished by the Direct Contractor to the Subcontractor is valid unless written notice of it is given by the Direct Contractor to the Subcontractor during the first 10 Days of the calendar month following that in which the claim originated.
- 35.4.4. must give the Subcontractor an opportunity to be present and to submit evidence in any decision involving its rights.

**36. SEPARATE CONTRACTS**

- 36.1. The Project Manager and the Board reserve the right to let other contracts in connection with the Work, including but not limited to contracts for performing environmental remediation and abatement. The Direct Contractor must afford other contractors reasonable opportunity for the introduction and storage of their materials and for the execution of their work and must properly connect and coordinate its work with theirs.
- 36.2. If any part of the Direct Contractor's Work depends for proper execution or result upon the work of any other contractor, the Direct Contractor must inspect and measure the work of the other contractor and promptly report to the Architect any defects or discrepancies in the work. The Direct Contractor's failure to inspect and make the report constitutes an acceptance of the other contractor's work as fit and proper for the proper execution of the Work, except as to latent defects.

**37. MUTUAL RESPONSIBILITY OF CONTRACTORS; COOPERATION**

- 37.1. The Direct Contractor must work in harmony with and assist any other contractor that may be engaged by the Project Manager or the Board to perform work at the Site whenever necessary. In no case is Direct Contractor permitted to exclude from the Site any other contractor in the execution or installation of its work. In the event of a conflict in scheduling the respective portions of Direct Contractor's Work and that of any other contractor, Direct Contractor must immediately refer the matter to the Board's Project Manager for resolution. The resolution, and any accommodation required of Direct Contractor in connection with it, are not grounds for a delay claim under the Direct Contract.
- 37.2. The Direct Contractor must give reasonable notice and proper information to other contractors of any special requirements for placing and setting of any Work that is adjacent to the work of other contractors. If Direct Contractor fails to do so



in a timely manner, Direct Contractor will be considered responsible and required to pay for any alterations or repairs necessitated by its failure.

- 37.3. The Direct Contractor, where separate contractors or their subcontractors are employed on the Site, will not hold the Project Manager or the Board responsible for loss or damage or injury caused by any fault or negligence of the other contractor or subcontractor and the Direct Contractor must look to the contractors or subcontractors for recovery from them for any such damage or injury.
- 37.4. Wherever work being done by any such contractors or subcontractors is contiguous to Work covered by the Direct Contract, the respective rights of the parties will be established by the Architect to secure the completion of the various portions of the Work in general harmony.
- 37.5. If any separate contractor or its Subcontractor suffers loss or damage through any acts or omission on the part of the Direct Contractor, or any of its subcontractors, the Direct Contractor must reimburse the other contractor or its subcontractor by agreement or arbitration, if they will so settle. If the separate contractor or its subcontractor asserts any claim against the Project Manager or the Board on account of any damage or loss alleged to have been so sustained, the Direct Contractor must defend and hold the Project Manager and the Board harmless against those claims as provided in these Construction Conditions.

### 38. AMENDMENTS

No modification or amendment of the Direct Contract is effective unless it is in writing and signed by authorized representatives of the Direct Contractor and the Project Manager, with pre-approval by the Board.

### 39. CHANGES IN THE WORK

- 39.1. The Architect may make changes in the Work by making alterations in it or by making additions to it or by making deductions or omissions from it, without invalidating the Direct Contract and without releasing or relieving the Direct Contractor from any guarantee given pursuant to the Direct Contract, without affecting the validity of Direct Contractor's (or any manufacturer's) warranty or Performance and Payment Bond and without relieving or releasing the surety or sureties of the bond. All such Work must be executed under the conditions of the original Direct Contract.
- 39.2. All change orders require approval in writing of the Project Manager with pre-approval by the Board. No change orders are authorized that exceed, individually or cumulatively, 10% of the Base Direct Contract Price.
- 39.3. Except in an emergency endangering life or property, the Direct Contractor must make no change without receipt of a Change Order, approved on its face by the Project Manager and the Board; and no claim for an adjustment of the Base Direct Contract Price or time of performance is valid unless so ordered in writing.
- 39.4. The Direct Contractor, when ordered in writing by the Project Manager, with the approval of the Board, must proceed promptly in accordance with the Change Order. The adjustment of the Base Direct Contract Price on account of the Change Order must be determined by one of the following methods:

**39.4.1. Method 1 - Unit Price and/or Lump Sum Adjustment**

39.4.1.1. The Direct Contractor must submit promptly to the Architect and Project Manager for approval and acceptance by the Board a written proposal for changes in the Work. The proposal must be in a format acceptable to the Board and based on agreed-upon unit prices, or in their absence, a detailed cost estimate of labor, insurance, payroll taxes, material, equipment, and premium on bond of the changed Work. If after receipt of the Direct Contractor's proposal the parties can agree on an equitable lump sum adjustment of the Base Direct Contract Price, a Change Order will be issued establishing the adjustment.

39.4.1.2. Where the change in the Work involves items for which agreed-upon unit prices have been established and where the net aggregate quantity of the items is in excess of the contract requirements, payment for the items will be at the established unit prices.

When the net aggregate quantity is less than the contract requirement, a change order will be issued for a credit equal to the sum of (i) the product derived by multiplying the established unit price times the net decrease in units, and (ii) an amount equal to 10% of the product. Where the "agreed-upon unit price" is a unit price bid on estimated quantities, then the Board may, at its option, demand a readjustment of the "agreed-upon unit price" in any case where the requirements for the particular unit price item exceeds 125% of the estimated quantity bid.

39.4.1.3 Where the change in the Work involves items for which agreed-upon unit prices have not been established, the Direct Contractor's proposal must be in a format acceptable to the Project Manager and based upon the estimated fair cost of the labor, material, equipment, insurance, premium on bond, and applicable taxes.

In submitting the proposal, the Direct Contractor must use its ability and buying power to obtain the best possible prices from suppliers of material and equipment and from Subcontractors consistent with its general responsibility for the performance and completion of the Work. To this end, the Direct Contractor, when submitting such a proposal, is considered to have represented by the submittal that it has used the lowest prices obtained or obtainable from suppliers

determine and agree upon an equitable lump sum adjustment of the Base Direct Contract Price for the items, a proceed order will be issued, and the Direct Contractor must proceed with the Work in question on a cost-plus fee basis. Cost means the Direct Contractor's actual cost of labor, material, equipment, insurance, premium on bond, and applicable taxes, as approved by the Architect, Project Manager, and Program Manager. To the Direct Contractor's cost so computed Direct Contractor may add overhead and profit as defined under Method 1 above.

39.4.2.2. The Direct Contractor and Subcontractors must keep and present in the form as the Architect may direct a correct accounting of the costs of all labor, material, equipment, insurance, premiums on bond, and applicable taxes, together with supporting vouchers, receipts, and payroll records.

39.4.2.3. Upon completion of the change and determination of its cost-plus fee price, a Change Order will be issued establishing the adjustment of the Base Direct Contract Price.

39.5. The Direct Contractor's agreement to a Change Order constitutes a waiver and release by the Direct Contractor and its Subcontractors and suppliers for any claim for delay, cumulative impact, cost of extended general conditions, and any other indirect cost associated with the changes.

#### 40. PAYMENT APPLICATIONS

40.1. Payment procedures shall be established by the Project Manager with the Board's prior approval.

40.2. At least 15 Days before the first application for payment, and no later than 30 Days after the Notice to Proceed, the Direct Contractor must submit to the Architect, Project Manager, and Program Manager a Schedule of Values showing values of the Work to be performed by it and its Subcontractors containing the supporting details or other evidence as to its correctness as the Architect, Project Manager, and Program Manager may require. The Schedule of Values must list the estimated value for each construction activity to be included in the progress schedule. When approved by the Architect, Project Manager, and Program Manager, the Schedule of Values must be used as a basis for certificates of payment unless the Architect, Project Manager, and Program Manager find it to be in error.

40.3. If the Work consists of multiple phases or work at multiple locations, the Schedule of Values and all payment applications must separately identify the information for each phase or location. Retainage, Preliminary Acceptance and Final Acceptance must be evaluated separately for each separate phase or location.

40.4. Direct Contractor must comply with the Project Manager's payment schedule as approved by the Board or other applicable schedule and use its approved forms and follow its procedures in submitting requests for payment. A copy of the

Schedule, the forms and the procedures is available on request from the Project Manager.

- 40.5. The Project Manager will assign to the Direct Contractor an invoice target date at the preconstruction meeting referenced in the Specifications. Not later than 10 Days before the invoice target date, the Direct Contractor must submit a pencil copy of the application for payment for Work completed through the end of the prior month and the monthly progress report to the Architect and Project Manager. Not later than 5 Days before the invoice target date, the pencil copy must be reviewed at the payment review meeting with the Architect and Project Manager for approval by the Board of value of the Work completed. Calculation of the value of Work completed must be made by summarizing the individual values of Work completed as the completion is reported by the monthly progress report as approved by the Architect. Submission of the monthly progress report 5 days before the payment review meeting is a condition precedent to the approval of the payment application.
- 40.6. On or about the invoice target date of each month, the Direct Contractor must submit to the Architect and Project Manager an application for partial payment including a notarized affidavit stating that all monetary obligations to all Subcontractors for the periods covered by all prior applications for payment, if any, have been completely fulfilled and discharged supported by receipts or receipted vouchers, and lien waivers, evidencing payments for the materials, services, labor and payments to Subcontractors, together with a waiver of lien covering the amount for which the current payment is being requested and such other evidence of the Direct Contractor's right to payment as the Architect or Project Manager may direct. The application for partial payment must conform to approvals made by the Architect and Project Manager at the payment review meeting.
- 40.7. With respect to rehabilitation and renovation projects, no payments are authorized or will be made for stored material. Payments will be made only for material incorporated into the work.
- 40.8. With respect to new construction, payments for stored material will be made only if the Direct Contractor and Project Manager specifically approve them. If they authorize payments to be made on account of materials and equipment not incorporated in the Work but delivered and suitably stored at the Site, or at some other location agreed upon in writing, Direct Contractor is entitled to the payments only if Direct Contractor submits appropriate bills of sale, waivers of lien, and other documents (such as, but not limited to completed UCC filings) the Project Manager may require to establish its title to them and otherwise protect its interests, and complies with such other procedures as the Board requires, including those related to insurance and transportation to the Site, inspection and inventory of the materials or equipment.

#### 41. CERTIFICATES FOR PAYMENTS

- 41.1. If the Direct Contractor has complied with the requirements, the Architect must issue the Direct Contractor a certificate for the amount as the Architect determines

to be properly due as agreed upon during the payment review meeting (including materials that are suitably stored but not incorporated in the Work at no more than 80% of their actual value), during the preceding payment period. The amount of each partial payment is the total sum of completed Work less prior partial payments, retainage and payments withheld.

- 41.2. Retainage of 10% of the total amount earned must be withheld from partial payments to the Direct Contractor. The retainage will be released upon Final Acceptance of the Work.
- 41.3. No certificate issued nor payment to the Direct Contractor, nor partial or entire use of the Work or occupancy of the Site by the Board or the User is an acceptance of any Work or materials not in accordance with the Direct Contract.
- 41.4. The Architect's certificates for payment are for the benefit of the Project Manager and the Board and must not be relied upon by any other party (including any surety or Subcontractor of the Direct Contractor) in any action against the Project Manager, the Board, the Architect or anyone acting on behalf of them.

#### 42. PAYMENTS WITHHELD

- 42.1. The Architect may recommend that the Project Manager withhold or nullify the whole or a part of any application for payment or any certificate for payment to the extent as may be necessary to because of:
  - 42.1.1. Defective Work not remedied.
  - 42.1.2. Claims filed or reasonable evidence indicating probable filing of claims.
  - 42.1.3. Failure of the Direct Contractor to properly pay Subcontractors or for material, services, or labor.
  - 42.1.4. A reasonable doubt that the Direct Contract can be completed for the balance then unpaid.
  - 42.1.5. Damage to the Work or property of the Board, the User or another contractor.
  - 42.1.6. Erroneous estimates by the Direct Contractor of the value of the Work performed.
  - 42.1.7. Delinquent reports not remedied, including but not limited monthly MBE/WBE utilization reports and certified payroll.
  - 42.1.8. Unauthorized deviations by the Direct Contractor from the Direct Contract.
  - 42.1.9. Liquidated damages.
- 42.2. When the above ground or grounds are removed, payments will be made for amounts so withheld.

#### 43. LIENS

- 43.1. Whenever the Project Manager and/or the Board receives notice in writing of a lien or claim of money due to any Subcontractor, Worker, or employee of the Direct Contractor for work performed or for materials or equipment furnished and used in or about the Work, the Project Manager and/or the Board will advise Direct Contractor in writing and Direct Contractor will have 10 business days in which to discharge, or (if permitted by law) bond over, the lien or claim, or, if

Direct Contractor contests the claim, to notify the Project Manager and the Board in writing to that effect, along with a statement of the reasons for contesting it. In any event, the Project Manager Board must comply with the requirements of the law with respect to withholding Direct Contractor's funds pursuant to lien notices and reserves all of its rights in connection with such claims of lien.

- 43.2. If the Project Manager or the Board is made a party to any action in connection with a claim or claim of lien, including claims for extras, Direct Contractor must, upon tender by the Project Manager or the Board, defend and hold the Project Manager or the Board harmless against the claim, and any costs, damages, and expenses, including without limitation attorneys' fees and court costs, in connection with it.
- 43.3. If Direct Contractor fails to timely discharge, bond over (if permitted by law), or notify the Project Manager or the Board it contests the claim of lien, as required herein above, the Project Manager or the Board reserves the right at their option to direct that the amount of the claim be paid directly to the claimant and deducted from the amount due to Direct Contractor under the Direct Contract, without liability for wrongful withholding from or for nonpayment to Direct Contractor. This provision is solely for the benefit of the Project Manager or the Board, and does not require the Project Manager or the Board to determine or adjust any claims or disputes between the Direct Contractor and its Subcontractors, workers, or employees, or to withhold any money for their protection, unless the Project Manager or the Board elects to do so. This provision does not confer any rights for the benefit of Subcontractors, workers or employees, nor does it enlarge or alter the application or effect of existing lien laws.

#### 44. DEDUCTIONS FOR UNCORRECTED WORK

- 44.1. If the Board, Project Manager and Architect deem it inexpedient to correct Work damaged or Work not performed in accordance with the Direct Contract, an equitable deduction from the Base Direct Contract Price must be made for the damaged or incomplete Work.

#### 45. ACCEPTANCE OF THE WORK

- 45.1. Preliminary Acceptance of the Work will be made after preliminary inspection by the Architect when, in the opinion of the Architect and the Project Manager, in consultation with the Program Manager, the requirements of the Direct Contract have been essentially completed except for Punch List Work (including any cleaning or trash or debris disposal required under Article 50 that Direct Contractor failed to do).
- 45.2. Punch List Completion:
- 45.2.1. TIME IS OF THE ESSENCE in closing out the Work of the Direct Contract. The Direct Contractor must begin work immediately after receipt of the Punch List.
- 45.2.2. Failure of the Direct Contractor or its Subcontractors to begin the Punch List Work within 3 business days after receipt of the Punch List is considered a failure to prosecute the Work of the Direct Contract.
- 45.2.3. Direct Contractor must continuously prosecute Punch List Work once

begun and complete it within 30 days from the receipt of the Punch List from the Architect

45.3. Final Acceptance of the Work will be made as follows:

45.3.1. The Direct Contractor must notify the Architect and Project Manager that the Work will be ready for final inspection on a definite date by which time all requirements of the Direct Contract must have been completed. The notice must be given at least 5 business days before the date stated for final inspection.

45.3.2. If the Architect and Project Manager, in consultation with the Program Manager, determine that the status of the Work is as represented, it will make the arrangements necessary to have final inspection begun on the date stated in the notice, or as nearly after it as is practicable.

45.3.3. If all requirements of the Direct Contract have been completed at the time of final inspection, the Work will be finally accepted and the final certificate will be issued by the Architect. Upon Final Acceptance, the Board may take over the Project for occupancy and use.

45.4. No action of the Board, the Architect, the Program Manager, or the Project Manager, or their respective board members, officers, employees, or agents is considered as accepting Work done or material furnished in the performance of this Direct Contract that are not in accordance with those specified and required by the Direct Contract. The payment of the final certificate in no way affects the rights of the Project Manager against the Direct Contractor (and the surety or sureties on the Performance and Payment Bond given by the Direct Contractor) to enforce the complete performance of the Direct Contract or to sue for the recovery of damages for failure to do so, nor does it affect the terms of Direct Contractor's guarantee in connection with the Direct Contract.

46. INSPECTION OF WORK

46.1. The Board, Architect, and Project Manager are entitled at all times to have access to the Work wherever it is in process. The Direct Contractor must provide proper and safe facilities for access and inspection.

46.2. If the Specifications, the Architect's instructions, laws, ordinances or any public authority require any Work to be specifically tested or approved, the Direct Contractor must give the Architect and Project Manager not less than 3 business days written notice of the Work's readiness for inspection. If the inspection is made by an authority other than the Architect, the Direct Contractor must inform the Architect and Project Manager of the date fixed for the inspection. Required certificates of inspection must be secured by the Direct Contractor. Inspections by the Architect will be promptly made, and where practicable, at the source of supply. When the tests and inspections indicate noncompliance of the Work with requirements of the Direct Contract, and the Architect's services are required for additional reviews or inspections of the Work, the Base Direct Contract Price may be decreased by a Change Order in the amount of the Architect's invoice approved by the Project Manager and the Board as compensation for the Architect's additional services.

46.3. Any Work covered up without approval or consent of the Architect must be

uncovered for examination, if required by the Architect, and must be replaced and/or re-covered all at the Direct Contractor's expense. Examination of Work previously covered up with the approval or consent of the Architect may be ordered by the Architect to be uncovered, and if so ordered, the Work must be uncovered by the Direct Contractor. If the Work is found to be in accordance with the Direct Contract, the Project Manager must reimburse the Direct Contractor for the uncovering and re-covering. The reimbursement is for actual cost incurred plus the percentages allowed by these Construction Conditions. If the Work is found to be not in accordance with the Direct Contract, the Direct Contractor must pay all costs of uncovering, replacement and re-covering.

- 46.4. The Direct Contractor must place its field engineering force at the Architect's disposal for field checking during any inspection period. When layouts of the Work are to be made, the Direct Contractor must notify the Architect in sufficient time so that the Architect may be present.
- 46.5. Neither the presence nor the absence of the Architect at the Site relieves the Direct Contractor from responsibility for compliance with the provisions of the Direct Contract, nor from responsibility for the removal and replacement of Work not in accordance with them.
- 46.6. The Architect is not authorized to make any changes or modifications in the Direct Contract, to direct additional work not required by them, nor to waive the performance by the Direct Contractor of any requirements of the Direct Contract except as provided herein.
- 46.7. The Architect and Project Manager are not responsible for acts or omissions of the Direct Contractor or any Subcontractor.

#### 47. USE OF COMPLETED PORTIONS OF THE WORK

- 47.1. After Preliminary Acceptance of the Work in any space or spaces in the Project, the Board has the right to use and occupy the space or spaces in advance of completion and Final Acceptance, but the Board's occupancy and use of the spaces must not unduly interfere with the Direct Contractor's operations nor delay completion of the Work. Occupancy and use of any space or spaces in the building by the Board or User does not constitute Preliminary Acceptance in the absence of written notification of Preliminary Acceptance of the affected portion of the work from the Architect.
- 47.2. If the Board desires to exercise the right of partial occupancy before completion and Final Acceptance as provided above, with respect to new construction, the Direct Contractor must cooperate with the Board in making available for the Board's use the services as heating, ventilating, cooling, water, lighting and telephone for the space or spaces to be occupied. If the equipment required to furnish the services is not entirely completed at the time the Board desires to occupy the space or spaces, the Direct Contractor must make every reasonable effort to complete them as soon as possible to the extent that the necessary equipment can be put into operation and use. With respect to rehabilitation of existing facilities, the Board will cooperate with Direct Contractor in making available for Direct Contractor's use reasonable amounts of water, lighting, heating, and electrical necessary for Direct Contractor to perform its Work.



- 47.3. During the partial occupancy before Final Acceptance, arrangements must be made between the Board and Direct Contractor regarding the operation and cost of the necessary heating, ventilating, cooling, water, lighting and telephone services. The Board will assume responsibility for the operation of the equipment and utilities required to provide the above services, in part or in total, and Direct Contractor must make arrangements acceptable to the Board as to the warranties affecting all Work associated with the areas so occupied.
- 47.4. The Board's occupancy or use of the space or spaces in the Project does not constitute the Project Manager's or the Board's acceptance of any Work, materials or equipment that are not in accordance with the requirements of the Direct Contract, nor relieve the Direct Contractor from its obligations or responsibilities under the Direct Contract.
- 47.5. In any case, when the Board takes over space for occupancy or use, the Board must give the Direct Contractor notice in writing of taking over the space or spaces involved.

48. PROTECTION OF PERSONS, WORK, AND PROPERTY; SAFETY

- 48.1. The Direct Contractor must initiate, maintain, supervise, and enforce safety precautions and programs in connection with the Work. Before beginning Work on the Site the Direct Contractor must furnish a copy of its Safety Program for the project to the Project Manager for review.
- 48.2. The Direct Contractor, both directly and indirectly through its Subcontractors, must continuously protect the Work and the Board's property from damage, injury or loss arising in connection with operations under the Direct Contract. The Direct Contractor must make good any such damage, injury or loss, except that which may be directly due to causes beyond the Direct Contractor's control, fault or negligence and that would not reasonably be expected to occur in connection with or during performance of the Work. Direct Contractor is responsible for Site security, watchmen, etc. Dogs are not allowed.
- 48.3. The Direct Contractor, both directly and indirectly through its Subcontractors, must take all necessary precautions to ensure the safety of the public and workers on the Site, and to prevent accidents or injury to any persons on, about, or adjacent to the Site where the Work is being performed.
- 48.4. The Direct Contractor must comply with all laws, ordinances, codes, rules and regulations relative to safety and the prevention of accidents, the Manual of Accident Prevention in Construction of the Associated Project Managers of America and the applicable provisions of the American Standard Safety Code for Building Construction, unless prevention of accidents is regulated by a more stringent local code or ordinance.
- 48.5. The Direct Contractor must erect and properly maintain at all times, as required by laws and regulations and the conditions and progress of the Work, proper safeguards for the protection of workers and the public and post signs warning against the dangers created by openings, stairways, falling materials, open excavations and all other hazardous conditions.
- 48.6. The Direct Contractor must designate a responsible on Site member of its organization as a safety coordinator whose duties must include prevention of all

accidents.

- 48.7. In an emergency affecting the safety of life, the Work or adjoining property, the Direct Contractor, without special instructions or authorization from the Architect or Project Manager, is permitted to act, at its discretion, to prevent the threatened loss or injury.
- 48.8. The Direct Contractor must protect private and public property adjacent to the Work, including all streets, sidewalks, light poles, hydrants and concealed or exposed utilities of every description affected by or adjacent to the Work. If the items are damaged by the Direct Contractor or Subcontractors, the Direct Contractor must make all necessary repairs to or replacements of them at no cost.
- 48.9. If, in the opinion of the Project Manager or the Board, the Direct Contractor's Work endangers adjoining property, upon written notice, the Work must be stopped and the method of operation changed in a manner acceptable to the Project Manager and the Board.
- 48.10. The Direct Contractor must remove all snow and ice as may be required for the proper protection and/or prosecution of the Work. The Direct Contractor must at all times provide and maintain adequate protection against weather (including, but not limited to rain, winds, storms, snow, sleet, frost or heat) so as to preserve all Work, materials, equipment, apparatus and fixtures free from injury or damage.
- 48.11. Adequate precautions must be taken against fire throughout all the Direct Contractor's and Subcontractors' operations. Flammable material must be kept at an absolute minimum, and, if any, must be properly handled and stored. Except as otherwise provided in the Direct Contract, the Direct Contractor must not permit fires to be built or open salamanders to be used in any part of the Work.
- 48.12. The Direct Contractor must provide and maintain adequate protection for all properties adjacent to the Site. When required by law or for the safety of the Work, the Direct Contractor must shore up, brace, underpin and protect as necessary, adjacent pavements, foundations and other portions of existing structures that are in any way affected by the operations under the Direct Contract. The Direct Contractor, before beginning any part of the Work, must give any notices required to be given to any adjoining landowner or other parties.
- 48.13. The Direct Contractor must cooperate with any other contractor that may be performing work on the Site in connection with the compliance with regulations of OSHA and all other federal, state, and municipal laws, rules and regulations relating to job site safety and practice including, as may be relevant, appealing decisions, correcting work within abatement periods, appealing or requesting extensions on abatement periods when work has been done by other contractors and furnishing the supporting information or material as may be necessary to fully protect the rights of the Board, its representatives, and other contractors on pending or prospective violation orders.
- 48.14. Unless otherwise noted, all existing fixtures, furniture, equipment, must be carefully removed by the Direct Contractor to a nearby area, protected from damage of any kind, before construction start in that area. The Direct Contractor must return the items to the originally designated place at the finish of construction. For electronic or utility hook-ups, the Board must be notified in advance, and allowed sufficient time to disconnect items before removal. Hook-

ups are to be reconnected by the Board after replacement of furniture and equipment by the Direct Contractor.

49. ENVIRONMENTAL COMPONENTS OF THE WORK, SAFETY.

49.1. If the Direct Contract require Direct Contractor to manage or perform any environmental Work, or if in the course of the Work an environmental hazard is encountered requiring action, Direct Contractor must cooperate and coordinate its Work in all respects with that of the Board's environmental consultants, perform its Work according to safe and approved protocols and procedures, and utilize only fully qualified and licensed abaters and remediators, and sequence and perform Work to minimize environmental contamination of the Site. Whenever Direct Contractor's Work involves an existing Board facility, Direct Contractor must consult with the Project Manager and the Board, including the Board's consultants and the building engineer, if any, to determine whether previous abatement, mediation, stabilization, or containment work has been performed at the facility. If so, Direct Contractor must perform its Work under the Direct Contract so as not to undo or disturb the prior work. Direct Contractor is responsible for all costs incurred for Direct Contractor's failing to comply with such protocols and procedures, or for failing to consult and protect the integrity of the prior work; such costs may include without limitation any costs associated with cleaning any area contaminated by Direct Contractor's (or its Subcontractors') failure to comply with these requirements.

49.2. Hazardous Materials:

49.2.1. If the Direct Contractor encounters on the Site material reasonably believed to be hazardous that has not been identified in the Direct Contract or rendered harmless, the Direct Contractor must immediately stop work in the area affected and report the condition to the Architect and Project Manager in writing and comply with a Board-approved plan for identifying and handling the material. If no plan is in place, Direct Contractor must await and follow directions of the Project Manager that have been approved by the Board's environmental consultants. The Work in the affected area must be resumed in the absence of hazardous materials, or when it has been rendered harmless, by written notification from the Project Manager to the Direct Contractor.

49.2.2. If reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from material or substance encountered on the Site by the Direct Contractor, the Direct Contractor must, upon recognizing the condition, immediately stop work in the affected area and report the condition to the Project Manager and Architect in writing. Direct Contractor, Project Manager, and Architect must then proceed in the same manner described above.

49.2.3. The Board, through one or more environmental consultants, is responsible for obtaining the services of a licensed laboratory to verify the presence or absence of the materials or substance reported by the Direct Contractor and, if the material or substance is found to be present, to verify that it has been rendered harmless.

50.

## TRASH AND DEBRIS

- 50.1. Direct Contractor must conduct and complete the Work in a neat, clean, and workmanlike manner. Direct Contractor must at its own expense furnish dumpsters for regular and frequent collection of construction debris, trash, and other refuse that accumulates at the Site and cause its frequent removal and lawful disposal. Direct Contractor must police the work site and adjacent areas regularly and frequently, removing and disposing of construction debris, trash, and refuse promptly. Where the Site is unoccupied throughout the entire construction period, at the completion of the Work Direct Contractor must cause the Site to be cleaned of all construction debris, trash, and refuse and left in broom-clean condition, all equipment and furnishings to be left clean and free of construction-related dirt, grime, splatters, and dust and the whole left in ready-to-use condition for the Users.
- 50.2. Where the Site is occupied, or partially occupied, during any part of Direct Contractor's Work, or where a portion of the Work, on completion, is given over to the Users, Direct Contractor must at its own expense at least daily, but as often as necessary to avoid creating hazards to Users or attracting vermin, remove and lawfully dispose of its debris, trash, and other refuse, sweep all User-occupied areas free of construction materials and dirt or dust, and wipe down all equipment and furnishings in the area where the Work is or was taking place so that they are left in a neat, clean and workmanlike condition for the Users. At the completion of the Work, Direct Contractor must again leave the Site in a neat, clean and workmanlike condition.

51.

## BOND REQUIREMENTS

Direct Contractor's Requirements. Direct Contractor shall furnish the Project Manager with a performance and payment bond ("Performance Bond") for the full amount of the Work being performed by such Direct Contractor or its subcontractors, and complying with the requirements of Illinois law regarding bonds on public works. The Performance Bond must be in a form and issued by a surety acceptable to the Board, licensed as a surety by the State of Illinois, and included in the U.S. Department of Treasury's listing of approved sureties. The Performance Bond is security for the faithful performance of the Direct Contractor and its payment of all its subcontractors and other persons supplying labor, materials and equipment in connection with the Work to be provided under the Direct Contract. The Performance Bond must be furnished together with a current power of attorney for the person signing on behalf of the surety, which power of attorney must be sealed and certified with a first hand signature by an officer of the surety. A facsimile signature will not be accepted. In addition, the acknowledgment of the principal on the Performance Bond must be notarized with his/her official title identified. Direct Contractor's failure to carry or document these Bonds, shall constitute a breach of this Direct Contract and any failure by the Project Manager or the Board to demand or receive proof of such Bonds shall not constitute a waiver of Direct Contractor's obligation to obtain the Bonds. The Project Manager will not pay Direct Contractor for any Work if satisfactory proof of bonding is not provided before the commencement of the Work and, with respect to Direct Contractor's subcontractors,

before the commencement of the Work.

52. **CORRECTION OF WORK BEFORE FINAL PAYMENT**

- 52.1. The Direct Contractor must promptly remove from the Site all materials and equipment, whether incorporated in the Work or not, rejected by the Architect, Project Manager, or Program Manager as failing to conform to the Direct Contract. The Direct Contractor must promptly replace and re-execute the Work in accordance with the Direct Contract and without additional cost and must bear the expense of making good all work of other contractors destroyed or damaged by the removal or replacement.
- 52.2. If the Direct Contractor does not remove the rejected Work, materials and equipment within a reasonable time, determined by written notice of the Project Manager, the Project Manager may, at the expense of the Direct Contractor, remove and dispose of as the Project Manager sees fit. If the Direct Contractor does not pay the cost and expenses of the removal within 10 Days after that, the Project Manager may deduct all such costs and expenses from any monies due the Direct Contractor.
- 52.3. If the Work deviates from the requirements of the Direct Contract, the Direct Contractor is liable for all resulting damages. Direct Contractor waives any claim (as a defense or a claim to reduce the Direct Contractor's liability) that performing the Work without deviation from what is required by the Direct Contract would also have caused or resulted in damages. This provision does not limit the other rights of the Project Manager, the Board or Architect or other obligations of the Direct Contractor.
- 52.4. When the Architect's additional services are required because of defective Work, neglect, failure, deficiencies, or default by the Direct Contractor, the Architect's compensation for the services may be payable by the Direct Contractor based on the Architect's invoice. Deficiencies are defined to include, but not limited to, more than 2 reviews of the same submittal of shop drawings and associated data due to incomplete, uncoordinated or otherwise defective submissions. The invoice, when approved by the Project Manager and the Board, along with other costs, damages, and liabilities incurred by the Board and the Architect, may be the basis for decreasing the Base Direct Contract Price by a Change Order to compensate the Board for the Architect's additional services.

53. **CORRECTION OF WORK AFTER FINAL PAYMENT**

- 53.1. The final certificate, final payment, or any provision in the Direct Contract does not relieve the Direct Contractor of responsibility for faulty materials, equipment or workmanship. Unless otherwise specified, the Direct Contractor must remedy any defects due to faulty materials, equipment or workmanship and pay for any damage to other Work resulting from it that appear within the guarantee period. The Project Manager or the Board must give written notice of the defects with reasonable promptness after they are discovered. All questions arising under this Article are decided by the Architect.

54. **COMPLIANCE WITH LAWS, REGULATIONS, BOARD POLICIES**

- 54.1. Governing Law. Direct Contracts shall be governed by and construed in accordance with the laws of the State of Illinois without regard to any conflict of law or choice of law principles.
- 54.2. Non Discrimination.
- 54.2.1 Unlawful Employment Practices. It shall be an unlawful employment practice for Direct Contractor or any of its subcontractors to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to compensation, or the terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, age, handicap or national origin; or to limit, segregate, or classify employees or applicants for employment from equal employment opportunities or otherwise adversely affect an individual's status as an employee because of such individual's race, color, religion, sex, age, handicap or national origin.
- 54.2.2 Compliance. Direct Contractor shall comply with the Civil Rights Act of 1964 as amended, 42 U.S.C.A. §2000, et seq.; the Age Discrimination in Employment Act, 29 U.S.C.A. §621, et seq.; §504 of the Rehabilitation Act, 20 U.S.C.A. §701, et seq., as amended; the Equal Opportunities for Individuals With Disabilities Act, 42 U.S.C.A. §12101, et seq.; and the Illinois Human Rights Act, 775 ILCS 5/1-10, as amended.
- 54.3. Wages and Salaries. Direct Contractor shall pay the salaries of its employees performing work under the Direct Contract, unconditionally and not less often than once a month without deduction or rebate on any account except only that such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; title 18 U.S.C. Section 874; and title 40 U.S.C., Section 276c). Direct Contractor shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all contracts covering work under the Direct Contract to insure compliance with such regulations, and shall be responsible for the submission of affidavits required thereunder except as the Secretary of Labor may specifically provide for variations of or exemptions from the requirements thereof. If, in the performance of the Direct Contract, there is any underpayment of salaries by the Direct Contractor, the Project Manager shall have the right to withhold from Direct Contractor out of payments due to him an amount sufficient to pay to employees underpaid the difference between the salaries required to be paid and the salaries actually paid such employees for the total number of hours worked. The amounts withheld shall be disbursed by the Project Manager for and on account of the Direct Contractor to the respective employees to whom they are due.
- 54.4. Compliance: Monitoring. Direct Contractor must disclose at least 50% of its proposed MBE/WBE economic participation in the Work at the time of bid. Direct Contractor must comply with its commitments set forth in its bid in connection with Section 00750, Special Conditions for MBE/WBE Economic Participation and cooperate with the Board's compliance officers monitoring Direct Contractor's compliance. Direct Contractor must fulfill all of its reporting obligations in a timely manner.

54.5. **Background Checks.** Under the provisions of the Illinois School Code, 105 ILCS 5/10-21.9, Direct Contractor must conduct a criminal background investigation of all employees on the Project or the Work who may have direct, daily contact with the pupils in any school and otherwise comply with the requirements of the Section. Direct Contractor must not assign to the Work at any school those convicted of the offenses listed in subsection (c) of that Section or those for whom a criminal background investigation has not been initiated. Upon receipt of the record of conviction, Direct Contractor must immediately remove any person so assigned from the Work at the school. In addition, Direct Contractor must require all persons assigned to the Work at any school to show evidence that they are free from communicable disease, including tuberculosis. Acceptable evidence is described in the School Code, 105 ILCS 5/24-5. From time to time the Project Manager, at the direction of the Board, may require Direct Contractor to, and Direct Contractor must, demonstrate its compliance with the provisions of this Article. Also, Direct Contractor must comply with the requirements of the Illinois Drug-Free Workplace Act, 30 ILCS 580/3.

54.6. **Breach of Article 54.** A breach of any of provisions of this Article 54 constitutes grounds for termination of the Direct Contract.

#### 55. LIQUIDATED DAMAGES; OFFSETS

55.1. All liquidated damages that accrue under the Direct Contract, including those that may apply for late completion of Work, for failing to meet the MBE/WBE bid goals and canvassing formula to which Direct Contractor committed in its bid, and for failing to meet Chicago Residency requirements of the Direct Contract, will be deducted before final payment is made for the Work.

55.2. All charge backs to the Direct Contractor, refunds from the Direct Contractor, and other offsets against any amounts due the Direct Contractor permitted or required under the Direct Contract may be taken at any time from amounts due to Direct Contractor under the Direct Contract once the Project Manager has determined the amount of the charge back, refund, or offset to be made.

#### 56. ASSIGNMENT

56.1. The Direct Contractor must not assign the Direct Contract or sublet it in whole or in part without the written consent of the Project Manager and the Board, nor must the Direct Contractor assign any moneys due or to become due to it under the Contract without the previous consent of the Project Manager and the Board.

56.2. Any assignment of monies due under the Direct Contract made without the consents of the Project Manager and the Board is void, and the assignee in that case acquires no rights against the Project Manager or the Board.

#### 57. DIRECT CONTRACTOR'S RIGHT TO STOP WORK OR TERMINATE CONTRACT

57.1. If the Work is stopped under an order of any court or other public authority for a period of 180 Days through no act or fault of the Direct Contractor or of anyone employed by the Direct Contractor, then the Direct Contractor may, upon 7 business days written notice to the Project Manager and the Program Manager, terminate the Direct Contract.

58. **DEFAULT AND TERMINATION**

58.1. **Events of Default.** It is a default under this Direct Contract if the Direct Contractor:

- 58.1.1. becomes insolvent or bankrupt; or makes a general assignment for the benefit of creditors, or if a receiver is appointed on account of insolvency;
- 58.1.2. fails to begin the Work at the time specified;
- 58.1.3. fails to perform in accordance with the Direct Contract, if not cured within any applicable cure period;
- 58.1.4. fails to perform the Work with sufficient workers, equipment or materials to ensure the completion of the Work or any part of the Work within the time specified by the Direct Contract;
- 58.1.5. persistently or repeatedly refuses or fails to supply an adequate number of skilled workers or supply of proper materials;
- 58.1.6. discontinues prosecution of the Work;
- 58.1.7. fails to remove materials, or repair, or replace Work that was rejected as defective or unsuitable, if not cured within any applicable time period;
- 58.1.8. fails to make prompt payment to Subcontractors or for material or labor;
- 58.1.9. fails to prosecute the Work in a manner acceptable to the Board, if not cured within any applicable cure period;
- 58.1.10. persistently disregards laws, ordinances or instructions of the Project Manager, Architect or Program Manager; or,
- 58.1.11. is otherwise guilty of a material breach of any provision of the Direct Contract.

58.2. **Remedies.** If the Direct Contractor defaults under the Direct Contract, the Project Manager may, without prejudice to any other right or remedy and after giving the Direct Contractor (and the surety or sureties on the Performance Bond given by the Direct Contractor) 7 Days written notice, terminate the Direct Contract for default. In that event, the Project Manager has the right to take possession of the Site and of all materials, tools and appliances on it and have assigned to itself or the Board, if it so desires, the Direct Contractor's subcontracts and material orders, and finish the Work by whatever method the Project Manager considers expedient. In that case, the Direct Contractor is not entitled to receive any further payment. If the expense of finishing the Work, including compensation for additional managerial and administrative services, exceeds the unpaid balance of the Base Direct Contract Price, the Direct Contractor (and the surety or sureties on the performance bond) are liable for and must pay the amount of the excess to the Project Manager. The Project Manager is responsible for certifying the expense incurred and the damage incurred through the Direct Contractor's default.

58.3. **Termination For Convenience.** The Project Manager reserves the right right, for its convenience, to terminate the Work of the Direct Contractor by written notice stating the effective date of the termination. In that case, the Direct Contractor and Subcontractors must (except for services necessary for the orderly termination of the Work):

- 58.3.1. stop all Work;
- 58.3.2. place no further order or subcontracts for materials, services, equipment or



supplies;

- 58.3.3. assign to the Project Manager (in the manner and to the extent directed) all of the rights of the Subcontracts relating to the Work;
- 58.3.4. take any action necessary to protect property of the Board and property in the Direct Contractor's possession in which the Board has, or may acquire, an interest; and,
- 58.3.5. take any other action toward termination of the Work that the Board may direct.

After that, the Project Manager will pay the Direct Contractor, subject to the limitations set forth here, the proportion of the Base Direct Contract Price that the Work actually performed (including materials delivered to the Site) at the date of termination bears to the entire Work to be performed. No payments will be made for Work not actually performed, and no payments will be made or due for lost profits for portions of the Work not actually performed.

- 58.4. Suspending the Work. The Project Manager reserves the right to suspend the Work wholly or in part by written stop order for the period as is necessary for the protection of the Project Manager and Board's interest. The stop order remains in effect until released in writing. The Project Manager does not assume any liability for damages or loss of anticipated profits resulting from the stoppage of Work, but it may grant the Direct Contractor an extension of time with Board's prior approval, commensurate with the period of actual delay in completion of Work, if the stop order was not necessitated by the acts, failure to act or negligence of the Direct Contractor. The Direct Contractor must take all means and precautions as may be required to properly protect the finished and partially finished Work during the period or periods of the stop order.

- 58.5. Limitation of Liability. In no event, whether as a result of termination for default, termination for convenience, suspension of the Work, breach of contract, negligence, or otherwise, is the Project Manager, the Board, Architect, Program Manager or any of them liable for damages for loss of profits, loss of use, loss of revenue, loss of bonding capacity, or any other special, indirect or consequential damages of any kind. The Project Manager's total liability for any loss, claim, or damage arising out of this Direct Contract or the performance or breach of it is limited to the value of the Work performed or the Base Direct Contract Price, whichever is less.

# Chicago Public Schools Policy Manual

**Title:** CODE OF ETHICS POLICY OF THE CHICAGO SCHOOL REFORM BOARD OF TRUSTEES

**Section:** 503.1

**Board Report:** 99-0728-PO1

**Date Adopted:** July 28, 1999

**Policy:**

**CODE OF ETHICS OF THE CHICAGO BOARD OF EDUCATION**

**WHEREAS**, it is imperative that public officials and employees act in the highest ethical manner and preserve the public trust, and

**WHEREAS**, members of the Chicago Board of Education have been entrusted with a task of utmost importance improving the quality of public education in the City of Chicago, and

**WHEREAS**, to carry out the important duties and responsibility of the Chicago Board of Education it is important that clear, comprehensive ethical requirements be established so that members of the public will have confidence in the operations of the Board and the Local School Councils; and

**WHEREAS**, it is particularly important that the members of the Chicago Board of Education, Local School Council members and Board employees set a good example for the children and taxpayers of the City of Chicago and the State of Illinois; and

**WHEREAS**, the adoption of ethical standards for Board members, Local School Council members and Board employees is in the best interest of the children in the Chicago Public Schools.

**NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CHICAGO BOARD OF EDUCATION:**

**1. Authority and purpose.**

This Board Policy is issued pursuant to authority granted in the Illinois School Code and the 1995 Amendments to the School Code contained in Public Act 89-15. The purpose of this Board Policy is to promote public confidence in the integrity of the Board by establishing consistent standards for the conduct of Board business by the Board's Members, Local School Council members and Board employees.

**2. Construction of Board Policy.**

Whenever used in this statement this Board Policy:

(a) "Board" means the Board of Education of the City of Chicago and includes all schools operated by the Board of Education.

(b) "Board vendor" means any person (including his agents or employees acting within the scope of their employment) who is paid consideration for a contract, work, business or sale with funds belonging to or administered by the Board.

(c) "Business relationship" means any contractual or other private business dealing of an employee with a person or entity which entitles the employee to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, business relationship shall not include (a) any interest of the spouse of an official or employee which interest is related to the spouse's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or inheritance of less than one percent of the shares of a corporation, or any corporate subsidiary, parent or affiliate

- thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (c) the authorized compensation paid to an official or employee for his office or employment, (d) any economic benefit provided equally to all residents of the city; (e) a time or demand deposit in a financial institution, (f) an endowment or insurance policy or annuity contract purchased from an insurance company.
- (d) "Contract Management Authority" means personal involvement in or direct supervisory responsibility for the formulation or execution of a contract. This includes, without limitation, the preparation of specifications, evaluation of bids or proposals, negotiation of contract terms, and supervision of contract performance
- (e) "Doing business" means any one or any combination of sales, purchases, leases or contracts to, from or with the Board in an amount in excess of \$10,000.00 in any 12 consecutive months.
- (f) "Employee" includes principals and all other employees of the Board, regardless of classification and regardless of whether employed on a full time or part time basis
- (g) "Financial interest" means (i) any interest as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500.00 per year (ii) any interest with a cost of present value of \$5,000.00 or more; or (iii) any interest representing more than 10 percent of a corporation, partnership, sole proprietorship, firm, enterprise, franchise, organization, holding company, joint stock company, receivership, trust or any legal entity organized for profit; provided, however, financial interest shall not include (a) any interest of the spouse of an official or employee which interest is related to the spouse's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or inheritance of less than one percent of the shares of a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (c) the authorized compensation paid to an official or employee for his office or employment (d) any economic benefit provided equally to all residents of the city; (e) a time or demand deposit in a financial institution; (f) an endowment or insurance policy or annuity contract purchased from an insurance company
- (h) "Official" includes members of the Board and members of Local School Councils
- (i) "Person" means any individual or legal entity, regardless of its form.
- (j) "Relative" means a person related to an official or employee of spouse of as any of the following, whether by blood, marriage or adoption: parent, son daughter, step-son, step-daughter, brother, sister, aunt, uncle, niece, nephew, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, step-father, step-mother, step-brother, step-sister, half-brother, half-sister or first cousin.
- (k) "Seeking to do business" means (1) taking any action within the past six months to obtain a contract or business from the Board, when, if such action were successful, it would result in the person's doing business with the Board; and (2) the contract or business sought has not been awarded to any person.
- (l) Use of the masculine includes the feminine.
- (m) Use of the singular includes the plural and use of the plural includes the singular.
- (n) "Director Economic Interest." A person is considered to have a direct economic interest if he, his spouse or a member of his household:
- (1) is the proprietor of a sole proprietorship;
  - (2) owns a five percent or greater interest of any class of stock of a corporation by vote or value;
  - (3) owns a five percent or greater interest in the profits or capital of a partnership,
  - (4) owns a five percent or greater beneficial interest in a trust; or
  - (5) is an officer or director of a corporation, the general or managing partner of a partnership, or the trustee of a trust.
- (o) "Indirect Economic Interest." A person is considered to have an indirect economic interest if the person's relative who is not a member of the person's household:
- (1) is the proprietor of a sole proprietorship;
  - (2) owns a five percent or greater interest of any class of stock of a corporation by vote or

value,

- (3) owns a five percent or greater interest in the profits or capital of a partnership,
- (4) owns a five percent or greater beneficial interest in a trust; or
- (5) is an officer or director of a corporation, general or managing partner of a partnership, or the trustee of a trust.

(p) Exclusions. Direct or Indirect Economic Interest shall not include:

- (1) any interest of the spouse of an employee who does not exercise contract management authority and which interest is related to the spouse's independent occupation, profession or employment;
- (2) any ownership of less than five percent of any class of stock of a corporation,
- (3) the authorized compensation paid to an official or employee for his office or employment;
- (4) any economic benefit provided by the Board equally to all residents of the city,
- (5) time or demand deposit in a financial institution;
- (6) an endowment or insurance policy or annuity contract purchased from an insurance company;
- (7) compensation for property taken for use by the Board pursuant to the eminent domain power, and
- (8) economic interests or other rights obtained by Board employees through a collective bargaining agreement.

(q) "Secondary employment" means any non-Board employment or activity for which an employee receives any type of remuneration for services rendered

### **3. Fiduciary duty.**

At all times in the performance of their public duties, officials and employees of the Board owe a fiduciary duty to the Board and to the taxpayers of the City of Chicago and the State of Illinois.

### **4. Use of Board property and funds.**

Board property and funds shall be used only for Board purposes and in the manner specified or directed by the Board. No official or employee shall engage in or permit the misuse of Board property or funds.

### **5. Nepotism prohibited.**

(a) No official or employee of the Board, including principals, assistant principals and members of Local School Councils, shall hire or advocate for hiring, or appoint or advocate for appointment, in any Board facility, including any school, in which the official or employee serves or over which he exercises authority, supervision, or control any person (i) who is a relative of that official or employee, or (ii) in exchange for or in consideration of the hiring or appointment of any of that official or employee, or (ii) in exchange for or in consideration of the hiring or appointment of any of that official's or employee's relatives by any other official or employee.

(b) No person may be hired for, or transferred to, a position in which he would exercise supervision and evaluation authority over a relative who is employed at that school or Board facility.

(c) No person may become a contract principal at a school in which a relative of that person is employed or is a member of the Local School Council. No person, otherwise eligible, shall be a candidate for, or be appointed to, a Local School Council for a school where the person's relative is the principal.

(d) In instances where an individual is appointed interim principal of a school, and one or more of the interim principal's relatives is currently employed by that school or sitting on the Local School Council for that school, the Chief Executive Officer may grant a waiver of compliance with paragraph (c).

(e) No official or employee shall exercise contract management authority where any relative of the official or employee is employed by or has contracts with any person doing work over which the official or employee has or exercises contract management authority.

(f) No Local School Council Member may recommend or advocate any personnel action

which affects any of his or her relatives employed at the school affiliated with that Local School Council Member. No relative of a Local School Council Member shall be hired as a consultant, employee or in any other capacity at the school affiliated with that Local School Council Member. If a relative of a Local School Council Member is employed at the school at which the Local School Council Member serves, the Local School Council Member shall abstain from voting on approval of the expenditure plan and approval of the school improvement plan.

(g) The Chief Executive Officer may grant waivers of compliance with paragraphs (a), (e), and (f) of this Section 5. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will serve the best interests of the Board and the children in the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: the nature of the employment or assignment involved; the unique qualifications of the prospective employee, official or consultant; the unique qualifications of the prospective employee, official or consultant; and the nature and extent of the official's or employee's supervisory authority over the prospective employee, official or consultant under paragraphs (a) and (f) or the nature or extent of the official's or employee's contract management authority over the prospective employee, official or consultant under paragraph (e). The Chief Executive Officer may also consider any other unique circumstances which are consistent with the best interests of the Board and the children on the Chicago Public Schools in determining whether to grant a waiver. A waiver granted under the paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the action requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in strict accordance with the standards articulated in this paragraph.

(h) No official or employee shall use or permit the use of his position to assist any relative in securing employment or contracts with any person over whom the employee or official exercises contract management authority. The employment of a relative of such an official or employee during within six months after expiration of the official's term of office or the employee's employment shall be evidence that the relative's employment was obtained in violation of this Policy. The contracting with a relative of such an official or employee by such a person within six months before, during the term of, or within six months after the official's term of office or employment shall be evidence that the relative's contract was obtained in violation of this Board Policy.

## **6. Economic interest in contracts and Board work prohibited for all Board officials and employees.**

(a) No official of the Board or employee shall have a direct economic interest in his own name or in the name of any other person in any contract, work or business of the Board, or in the sale of any article, whenever the expense, price or consideration of the contract, work, business or sale is either (i) paid with funds belonging to or administered by the Board or (ii) authorized by action of the Board.

(b) A Board member who has an indirect economic interest in the name of any person, trustee, or corporation in any contract, work, business or sale on which the Board shall be called upon to vote shall: (i) disclose such economic interest publicly at a Board Meeting prior to any vote being taken on the matter and (ii) abstain from voting on the matter.

(c) Unless sold pursuant to a process of competitive bidding following public notice, no official or employee shall have direct economic interest in the purchase of any property that: (i) belongs to the Board, or (ii) is sold by virtue of legal process in a suit involving the Board.

(d) This Section 6 shall not apply to Local School Council members.

(e) The Chief Executive Officer may grant waivers of compliance with paragraph (a) of this Section 6. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will serve the best interests of the Board and the children in the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: the nature of the contract, work, business, or sale involved; the unique qualifications of the prospective Board vendor; and the nature of or extent to which the official or employee with an economic interest will exercise contract management authority over the prospective Board vendor. The Chief Executive Officer may also consider

any other unique circumstances which are consistent with the best interests of the Board and the children in the Chicago Public Schools in determining whether to grant a waiver. A waiver granted under this paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the transaction requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in strict accordance with the standards articulated in this paragraph.

#### **7. Economic interest in contracts and School work.**

(a) No Local School Council member shall have a direct or indirect economic interest, in his own name or in the name of any other person, proprietorship, partnership, trust or corporation in any contract, work or business of the school in which he serves. In addition, no Local School Council member shall have a direct or indirect economic interest in the sale, purchase or lease of any article, for which the expense, price or consideration is paid by his Local School Council or by the school in which he serves, if the member may be called upon to vote on entering into such sale, purchase or lease.

(b) No Parent or Community Local School Council member shall receive any form or remuneration or parent stipend from his school, except that the Board of Education may provide for reimbursement of members of Local School Councils for reasonable and necessary expenses (excluding lodging or meal expenses) incurred in the performance of their duties.

(c) A teacher representative on a Local School Council who intends to apply for the principalship of the school in which he or she serves as a council member shall abstain from voting on the question of whether the current principal's contract shall be renewed. If a teacher representative on a Local School Council votes on the question of whether the present principal's contract shall be renewed and if the Local School Council votes not to renew the contract of the present principal, the voting teacher representative shall be ineligible to apply for that vacancy. The teacher representative must resign from his Local School Council prior to the start of the selection process for the principalship. Any teacher representative who does not resign from his Local School Council prior to the start of the principal selection process shall be ineligible to apply for the position of principal at that school.

#### **8. Employee exercising contract management authority.**

An employee who exercises contract management authority regarding any Board business or transaction shall not exercise such authority in connection with:

- (1) Board business with an entity in which the employee has financial interest;
- (2) Board business with a person with whom the employee has an employment relationship;
- (3) Board business with a person with whom the employee has a business relationship; and
- (4) Any contact in which the employee's spouse has a financial interest.

#### **9. Conflict of interest - improper influence.**

(a) No official or employee shall make, participate in making, or in any way attempt to use his position to influence any Board decision or action in which he knows or has reason to know that he has any direct or indirect economic interest distinguishable from that of the general public.

(b) No Board employee shall recommend or retain or hire as a Board employee or Board vendor any person with whom the employee has a business relationship.

#### **10. Offering, receiving and soliciting gifts, loans or favors.**

(a) No person shall give to any official or employee, or to his spouse or other member of his household, and none of them shall solicit or accept, any anonymous gift.

(b) No person shall give or offer to any official, employee or Board contractor, or to his spouse or other member of his household, and none of them shall accept, anything of value, including, but not limited to, a gift, favor, loan or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgements of any official, employee or Board contractor concerning the business of the Board would be influenced thereby. It shall be presumed that a non-

monetary gift having a value of less than \$50.00 does not involve such an understanding.

(c) No person who has a direct or indirect economic interest in a specific Board business, service or regulatory transaction shall give, directly or indirectly, to any official or employee whose decision or action may be substantially affected by such transaction, or to his spouse or other member of his household, and none of them shall accept, any gift or loan of (i) cash or its equivalent regardless of value or (ii) an item or service other than an occasional one of nominal value (less than \$50.00); provided, however, that nothing herein shall be construed to prohibit such official or employee, or his spouse or other member of his household, from accepting gifts from relatives.

(d) Except as prohibited in subsections (a) and (b), nothing in this Section 10 shall prohibit any person from giving or receiving: (i) an award publicly presented in recognition of public service, (ii) commercially reasonable loans made in the ordinary course of the lender's business, (iii) political contributions, provided they are reported to the extent required by law; (iv) reasonable hosting, including travel and expenses, entertainment, meals or refreshments furnished in connection with public events, appearances, or ceremonies related to official Board business, if furnished by the sponsor of such public event.

(e) Any gift given in violation of the provisions of this Section shall be turned over to the Chief Fiscal Officer, who shall add the gift to the inventory of Board property.

(f) Nothing in this Section 10 shall prohibit any official or employee, or his spouse or other member of his household, from accepting a gift on the Board's behalf, provided, however, that the person accepting the gift shall promptly report receipt of the gift to the Board and to the Chief Fiscal Officer, who shall add it to the inventory of Board property.

(g) Any official or employee who receives any gift or money for participating in the course of his public employment in speaking engagements, lectures, debates or organized discussion forums shall report the payment to the Board within five business days.

(h) The Chief Purchasing Officer shall appoint a standing committee that will receive and investigate violations of the Board's policy concerning the offering, receipt, and solicitation of gifts, loans or favors, and to conduct hearings regarding such violations. The committee will also be empowered to subpoena witnesses and documents, to issue recommendations for Board action, and to impose fines for violations of the Board's policy. The committee shall promulgate procedures and rules governing the performance of its duties and the exercise of its powers. The committee shall meet as often as necessary to perform its duties.

#### **11. Solicitation or receipt of money for advice or assistance.**

No official or employee, or his spouse or other member of his household, shall solicit or accept any money or other thing of value including, but not limited to, gifts, favors, services or promises of future employment, in return for advice or assistance on matters concerning the operation of business of the Board; provided, however, that nothing in this Section 11 shall prevent an official or employee or the spouse of an official or employee from accepting compensation for services wholly unrelated to the official's or employee's official duties and responsibilities and rendered as part of his non-Board employment, occupation or profession.

#### **12. Secondary employment**

(a) No employee may engage in any secondary employment that is in conflict with the duties or demands of his Board employment. Before obtaining or accepting any secondary employment that is not prohibited by the first sentence of this Section 12 (b), an employee must notify the Ethics Officer of the following: the name and address of the secondary employer; the location of the proposed secondary employment, if different from the secondary employer's address; the nature and duties of the secondary employment; and the anticipated hours of the secondary employment. If the employee derives income from his own business or provides personal or professional services to third parties, such information, including the nature of the business or services and the approximate number of hours per month or year, as appropriate, spent on such business or service must be reported to the Ethics Officer.

(b) No non-clerical employee of the office of the Chicago Board of Education or the office of the Board's Chief Executive Officer, nor any entity in which such persons have a financial interest, shall have any employment relationship with any entity other than the Board. Additionally, the following employees are precluded from all secondary employment except with the written approval of the Chief Executive Officer: all chiefs, department directors, and deputy directors; employees of the Department of Procurement and Contracts; and employees of the Office of the Inspector General and all other investigative employees. Attorneys in the Law Department are precluded from all secondary employment except with the written approval of the Board General Counsel. Attorneys in the Law Department expressly are prohibited from performing legal work for or undertaking legal representation of any entity other than the Board of Education.

### **13. Use or disclosure of confidential information.**

No current or former official or employee shall use or disclose, other than in the performance of his official duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of his position or employment. For purposes of this Section, "confidential information" means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, as amended. Nothing in this Section shall limit the rights afforded to "whistle blowers" pursuant to 105 ILCS 5/34-2.4 (c) (1995).

### **14. Representation of other persons.**

(a) No official or employee may represent, or have a direct or indirect economic interest in the representation of, any person other than the Board in any formal or informal proceeding or transaction before the Board or any of its committees. Nothing in this Section shall preclude any employee from performing the duties of his employment, or preclude any official from appearing without compensation before the Board or any Board committee in the course of his duties as an official.

(b) No official or employee may have a direct or indirect economic interest in the representation of any person in any judicial or quasi-judicial proceeding before any administrative agency or court in which the Board or a Local school Council is a part and that person's interest is adverse to that of the Board or the Local School Council.

### **15. Contract inducements.**

No payment, gratuity or offer of employment shall be made in connection with any Board or Local School Council contract by or on behalf of a subcontractor to the prime contractor or higher-tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order. This prohibition shall be set forth in every Board contract and solicitation therefore.

### **16. Post-employment and post-membership restrictions.**

(a) No former official or employee shall assist or represent any person other than the Board in any judicial or administrative proceeding involving the Board, if the official or employee was counsel of record or participated personally and substantially in the proceeding during his term of office or employment.

(b) No former official or employee shall, for a period of one year after the termination of the official's or employee's term of office or employment, assist or represent any person in any business transaction involving the Board, if the official or employee participated personally and substantially in the subject matter of the transaction during his term of office or employment; provided, that if the official or employee exercised contract management authority with respect to a contract, this prohibition shall be permanent as to that contract.

(c) No former Board Member shall be eligible for employment by the Board in any capacity for a period of one year after the termination of his membership on the Board.

(d) No Local School Council member shall be eligible for any type of employment at the school at which he served as a member of the school's Local School Council, for a period of one year after the termination of his membership on said Local School Council. This paragraph (d) shall not apply to principal or teacher Local School Council members.



(e) No former Board Member shall have any direct or indirect economic interest in any Board contract for a period of one year after the termination of his membership on the Board.

(f) No Local School Council member shall have any direct or indirect economic interest in a contract involving the school at which he served as a Local School Council member for a period of one year after the termination of his membership on said Local School Council.

(g) The Chief Executive Officer may grant waivers of compliance with paragraph (b) of this Section 16. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will not harm the Board or the children of the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: whether the individual seeking the waiver has left the employ of the Board voluntarily or involuntarily, including pursuant to a reduction in force, and whether there is any appearance of impropriety regarding the new employment that is the subject of the waiver. The Chief Executive Officer may also consider any other circumstances which are consistent with the best interests of the Board and the children in the Chicago Public Schools in determining whether to grant a waiver. A Waiver granted under this paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the action requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in order to minimize the occurrence of waivers.

#### **17. Disclosures**

(a) An employee must file with the Board's Chief Purchasing Office, on a form to be provided by the Office of the Chief Purchasing Officer, any ownership interest that his or her spouse has in an entity that does business with the Board.

(b) All contracts and leases to which the Board is a part shall be accompanied by a disclosure of the name and address of

(1) each attorney who was retained by the Board vendor in connection with the contract or lease;

(2) each lobbyist who was retained by the Board vendor in connection with the contract or lease,

(3) each consultant who was retained by the Board vendor in connection with the contract or lease; and

(4) any other person who will be paid any fee for communicating with Board employees or officials when such communications are intended to influence the issuance of the contract or lease.

(c) The above-listed disclosures, as well as any other disclosures that must be submitted to the Board by persons entering into contracts or leases with the Board, are to be kept in a form which allows their inspection by the public or any other entity.

(d) In order to assist candidates for public office in monitoring compliance with Chicago's ordinance which sets an upper limit of \$1,500.00 on campaign contributions by an entity that does business with the Board or has done business with the Board during the past four years, the office of the Board's Chief Purchasing Officer shall submit to the City of Chicago a list of all entities that have done business with the Board during the past four years. A revised list including this information shall be submitted to the City each month.

#### **18. Filing of Statements of Economic Interests.**

All employees and Board officials must file annual Statements of Economic Interests as required by Board Rule and Policies.

#### **19. Penalty for violations.**

(a) Any employee who violates this Board Policy shall be subject to discipline, including suspension or dismissal.

(b) Any official who violates this Board Policy may be subject to disqualification from office.

#### **20. Effective date.**

This Board Policy shall be in effect beginning September 28, 1995, except where the above-enumerated conduct was previously prohibited by law or current or previous Board

policy Amendments to this policy take effect upon Board approval.

21. This Code of Ethics of the Chicago Board of Education supersedes Resolution 90-0117-RS2 to Prohibit Conflicts of Interests, enacted on January 17, 1990

~~Amends/Rescinds: Amends 95-0927-RU3; 96-0327-PO7; 97-1119-PO1; 98-0923-PO4, 99-0421-PO2~~

**Amends/Rescinds:** Amends 95-0927-RU3; 96-0327-PO7; 97-1119-PO1; 98-0923-PO4, 99-0421-PO2

**Cross References:**

**Legal References:**

EXHIBIT E  
FORM OF NOTE

REGISTERED  
NO. R-1

M A X I M U M  
AMOUNT  
\$47,000,000  
(subject to change)

**UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTY OF COOK  
CITY OF CHICAGO  
TAX INCREMENT ALLOCATION REVENUE NOTE (24TH/MICHIGAN  
REDEVELOPMENT PROJECT), SERIES 2002A**

Registered Owner: The Board of Education of the City of Chicago  
Interest Rate: [Not to exceed 9% per annum, with the exact rate to be determined by the Chief Financial Officer of the City of Chicago]  
Maturity Date July 21, 2022

**KNOW ALL PERSONS BY THESE PRESENTS**, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of \$47,000,000 and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of the advance, with payments of principal and interest to be made according to the debt service schedule attached hereto. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Accrued but unpaid interest on this Note shall also accrue at the interest rate per year specified above until paid.

Principal of and interest on this Note from the Teachers Academy Account (as defined in the hereinafter defined Agreement) is due [December 31] of each year until the earlier of Maturity or

until this Note is paid in full. Payments shall first be applied to interest. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth day of the month immediately preceding the applicable payment, maturity or prepayment date, and shall be paid by wire transfer of such money to such bank in the continental United States as said Registered Owner shall request in writing to the Registrar by the close of business on the fifteenth day of the month immediately after the applicable payment, maturity or prepayment date, provided, that the final installment of principal and accrued but unpaid interest will be payable on or before the maturity date and solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to \$47,000,000 for the purpose of reimbursing the Registered Owner for certain eligible redevelopment project costs incurred by the Registered Owner (the "Project"), which were acquired, constructed and installed in connection with the development set forth in Exhibit B of the agreement dated as of April 1, 2002 between the City and the Registered Owner (the "Agreement") within the 24<sup>th</sup>/Michigan Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74 4-1 et seq) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq) and an Ordinance adopted by the City Council of the City on July 21, 1999 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to

receive pursuant to the TIF Act and the Ordinance, in order to pay the principal and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Agreement for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. **THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM PLEDGED INCREMENT (AS DEFINED IN ARTICLE THREE (1)(C) OF THE AGREEMENT), IF ANY, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OR INTEREST OF THIS NOTE.** Subject to the terms of the Agreement, this Note, from and after \_\_\_\_\_, \_\_\_\_\_, may be prepaid in full with such premium, if any, that may become due in accordance with the Agreement. Notice of any such prepayment shall be sent by registered or certified mail not less than thirty (30) days prior to the date fixed for prepayment to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations

This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment has been mailed, nor during a period of five (5) days next preceding mailing of a notice of prepayment of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Agreement provide.

Pursuant to the Agreement, the Registered Owner has agreed to acquire and construct the Project and to advance funds for the payment of the costs of the construction of certain facilities related to the Project on behalf of the City. Such payment of costs in the amount of \$47,000,000 shall be deemed to be a disbursement of the proceeds of this Note.

Pursuant to Article Five, Section 2 of the Agreement, the City has reserved the right to terminate payments of principal and of interest on this Note upon the occurrence of certain conditions. The City shall not be obligated to make payments under this Note if an Event of Default (as defined in the Agreement), or condition or event that with notice or the passage of time or both

would constitute an Event of Default, has occurred Such rights shall survive any transfer of this Note.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
Mayor

(SEAL)

Attest:

City Clerk

**CERTIFICATE  
OF  
AUTHENTICATION**

Registrar  
and Paying Agent  
Comptroller of the  
City of Chicago,  
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the Tax Increment Allocation Revenue Note (24<sup>th</sup>/Michigan Redevelopment Project), Series A, of the City of Chicago, Cook County, Illinois

Comptroller

Date.



IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed and delivered as of the date first above written

CITY OF CHICAGO, ILLINOIS, by and through the Department of Planning and Development

By *Arciana Berry*  
Commissioner *SK*  
Department of Planning and Development

THE BOARD OF EDUCATION OF THE CITY OF CHICAGO

By: \_\_\_\_\_  
President

Attest: By: \_\_\_\_\_  
Secretary

Board Resolution No 01-0725-RS2

Approved as to legal form.

\_\_\_\_\_  
General Counsel

S:\Finance\Gaynor New\Planning\Teachers Acdmy IGA w Bd of Ed\iga final wpd

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed and delivered as of the date first above written

CITY OF CHICAGO, ILLINOIS, by and through the  
Department of Planning and Development

By \_\_\_\_\_  
Commissioner  
Department of Planning and Development

THE BOARD OF EDUCATION  
OF THE CITY OF CHICAGO

By Michael W. Scott  
President

Attest: By Sharon M. Benello  
Secretary

Board Resolution No · 01-0725-RS2

. Approved as to legal form

Marilyn F. Johnson / r.h.  
General Counsel

S \Finance\Gaynor New\Planning\Teachers Acdmly IGA w Bd of Ed\iga final wpd

**ATTACHMENT TO FORM OF NOTE – DEBT SERVICE SCHEDULE**

# CHICAGO PUBLIC SCHOOLS

## Teachers Academy Project

0 09

City Note--Interest Deferral with No Capitalized Interest--Payment Schedule at 9%

DRAFT

Interest  
Rate on  
Note

9 00%

	Interest	Interest	Deferred Interest		Principal	Total	Outstanding	
	<u>Accrued</u>	<u>Paid</u>	<u>Annual</u>	<u>Cumulative</u>	<u>Paid</u>	<u>Payment</u>	<u>Principal</u>	
4/1/02							47,000,000 00	-2060013 91637
12/1/02	2,820,000 00	0 00	2,820,000 00	2,820,000.00	0 00	0 00	47,000,000 00	
12/1/03	4,483,800 00	2,731,986 08	1,751,813 92	4,571,813.92	0 00	2,731,986 08	47,000,000 00	2731986 08363 4,792,000
12/1/04	4,641,463.25	3,918,986 08	722,477 17	5,294,291 08	0 00	3,918,986 08	47,000,000 00	3918986 08363 5,979,000
12/1/05	4,706,486 20	4,587,986 08	118,500 12	5,412,791.20	0 00	4,587,986 08	47,000,000 00	4587986 08363 6,648,000
12/1/06	4,717,151 21	4,836,986 08	(119,834 87)	5,292,956.33	0 00	4,836,986 08	47,000,000 00	4836986 08363 6,897,000
12/1/07	4,706,366 07	5,478,986 08	(772,620 01)	4,520,336 31	0 00	5,478,986 08	47,000,000 00	5478986 08363 7,539,000
12/1/08	4,636,830 27	5,478,986 08	(842,155 81)	3,678,180 50	0 00	5,478,986 08	47,000,000 00	5478986 08363 7,539,000
12/1/09	4,561,036 24	5,478,986 08	(917,949 84)	2,760,230 65	0 00	5,478,986 08	47,000,000 00	5478986 08363 7,539,000
12/1/10	4,478,420 76	6,159,986 08	(1,681,565 32)	1,078,665 33	0 00	6,159,986 08	47,000,000 00	6159986 08363 8,220,000
12/1/11	4,327,079 88	5,405,745 21	(1,078,665 33)	0 00	754,240 87	6,159,986 08	46,245,759 13	6159986 08363 8,220,000
12/1/12	4,162,118 32	4,162,118 32	0 00	0 00	1,997,867 76	6,159,986 08	44,247,891 36	6159986 08363 8,220,000
12/1/13	3,982,310 22	3,982,310 22	0 00	0 00	2,900,675 86	6,882,986 08	41,347,215 50	6882986 08363 8,943,000
12/1/14	3,721,249 40	3,721,249 40	0 00	0 00	2,940,736 68	6,661,986 08	38,406,478 82	6661986 08363 8,722,000
12/1/15	3,456,583 09	3,456,583 09	0 00	0 00	3,205,402 99	6,661,986 08	35,201,075 82	6661986 08363 8,722,000
12/1/16	3,168,096 82	3,168,096 82	0 00	0 00	4,302,889 26	7,470,986 08	30,898,186 56	7470986 08363 9,531,000
12/1/17	2,780,836 79	2,780,836 79	0 00	0 00	4,690,149 29	7,470,986 08	26,208,037 27	7470986 08363 9,531,000
12/1/18	2,358,723 35	2,358,723 35	0 00	0 00	5,112,262 73	7,470,986 08	21,095,774 53	7470986 08363 9,531,000
12/1/19	1,898,619 71	1,898,619 71	0 00	0 00	6,435,366 37	8,333,986 08	14,660,408 16	8333986 08363 10,394,000
12/1/20	1,319,436 73	1,319,436 73	0 00	0 00	7,014,549 35	8,333,986 08	7,645,858 80	8333986 08363 10,394,000
12/1/21	688,127 29	688,127 29	0 00	0 00	7,645,858 80	8,333,986 09	0 00	8333986 08363 10,394,000
12/1/22	0 00	0 00	0.00	0 00	0 00	0 00	0 00	0 0
12/1/23	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 0
		0 00						
	71,614,735 60	71,614,735 60	0 00		47,000,000 00	118,614,735 60		118,614,735 59

EXHIBIT F

CERTIFICATE OF EXPENDITURE

State of Illinois )  
 ) SS  
County of Cook )

The affiant, \_\_\_\_\_, \_\_\_\_\_ of the Board of Education of the City of Chicago, a body corporate and politic (the "Board"), hereby certifies that with respect to that certain Agreement between the Board and the City of Chicago dated April 1, 2002 (the "Agreement")

A. The following is a true and complete statement of all expenditures for the Project to date.

TOTAL. \$ \_\_\_\_\_

B. This paragraph B sets forth and is a true and complete statement of all costs of TIF-Funded Improvements for the Project reimbursed by the City to date

\$ \_\_\_\_\_

C. The Board requests reimbursement for the following cost of TIF-Funded Improvements:

\$ \_\_\_\_\_

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

E. The Board hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Agreement are true and correct and the Board is in compliance with all applicable covenants contained therein.

2. No Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default, exists or has occurred.

3. The Board is in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto, including but not limited to those summarized on Exhibit D of the Agreement

F. Attached hereto are: (1) a cost itemization of the applicable portions of the budget attached as Exhibit G to the Agreement, and (2) evidence of the expenditures upon TIF-Funded Improvements for which the Board hereby seeks reimbursement

All capitalized terms which are not defined herein have the meanings given such terms in the Agreement

**THE BOARD OF EDUCATION  
OF THE CITY OF CHICAGO, a body corporate and politic**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
My commission expires \_\_\_\_\_

Agreed and accepted:

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

City of Chicago  
Department of Planning and Development

**EXHIBIT G**  
**PROJECT BUDGET**

**EXHIBIT G  
TEACHERS ACADEMY SCHOOL: PROJECT BUDGET**

	<b>New School</b>	<b>Community Center</b>	<b>Campus Park</b>	<b>GRAND TOTAL</b>
<b><u>Land Acquisition</u></b>				
Hard Costs*	\$1,736,599	\$935,092	\$500,000	\$3,171,691
Relocation Costs	\$107,250	\$57,750	\$0	\$165,000
Soft Costs	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$1,843,849</b>	<b>\$992,842</b>	<b>\$500,000</b>	<b>\$3,336,691</b>
<b><u>Site Preparation</u></b>				
Demolition	\$1,924,000	\$1,036,000	\$0	\$2,960,000
Remediation	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$1,924,000</b>	<b>\$1,036,000</b>	<b>\$0</b>	<b>\$2,960,000</b>
<b><u>General Construction</u></b>				
Construction	\$20,363,930	\$10,847,879	\$1,144,000	\$32,355,809
Contingency	\$910,000	\$490,000	\$0	\$1,400,000
<b>Subtotal</b>	<b>\$21,273,930</b>	<b>\$11,337,879</b>	<b>\$1,144,000</b>	<b>\$33,755,809</b>
<b><u>FF&amp;E / Art</u></b>				
Art	\$250,250	\$134,750	\$0	\$385,000
Hard Costs	\$455,000	\$245,000	\$0	\$700,000
Soft Costs	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$705,250</b>	<b>\$379,750</b>	<b>\$0</b>	<b>\$1,085,000</b>
<b><u>Professional Fees</u></b>				
Fees**	\$2,900,625	\$1,701,875	\$156,000	\$4,758,500
Contingency	\$130,000	\$70,000	\$0	\$200,000
PBC Administration	\$191,100	\$102,900	\$0	\$294,000
<b>Subtotal</b>	<b>\$3,221,725</b>	<b>\$1,874,775</b>	<b>\$156,000</b>	<b>\$5,252,500</b>
<b>TOTALS</b>	<b>\$28,968,754</b>	<b>\$15,621,246</b>	<b>\$1,800,000</b>	<b>\$46,390,000</b>

\* Land Acquisition figures do not include future costs associated with 2200 & 2300 South Federal

\*\* Includes architectural, environmental, construction management, geotechnical, affirmative action, legal fees, and site surveys



EXHIBIT I

TRANSFER SCHEDULE

Note Michigan/Cermak Increment will be transferred to the Teachers Academy Account to fund approximately 2.5% of the payments under the City Note, River South Increment will be transferred to the Teachers Academy Account to fund approximately 95% of the payments under the City Note

Year City Increment Collected	Michigan/Cermak Increment Transferred to Teachers Academy Account	River South Increment Transferred to Teachers Academy Account	24 <sup>th</sup> /Michigan Increment Contributed to Teachers Academy Account	TOTAL
2002				
2003				
2004				
2005				
2006				
2007				
2008				
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
TOTAL				